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CLAMOUR  
FOR COLONIES



# CLAMOUR FOR COLONIES

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## AUTHOR'S PREFACE

THE facts of the so-called Colonial "problem" are—it cannot be controverted—often imperfectly understood. To bring a few of these into relief is the purpose of this book.

At the same time it may be possible to dot the "i's" and cross the "t's" of the bald statement made by the then Secretary of State for the Colonies on February 12th, 1936, namely, that

"His Majesty's Government have not considered, and are not considering, the handing-over of any of the British Colonies or territories held under mandate".

Unhappily, this statement in reply to a question put in the House of Commons (which has been followed by several equally non-committal statements by the Prime Minister and other members of the Cabinet) makes no provision for the future. Who shall deny that the obvious reply to such a question should have been in terms similar to those used by the Netherlands Foreign Minister at The Hague not so long ago, in reply to a similar question :—

"Never, never, will Holland cede one square inch of her territory, even to serve the claims for expansion of other nations".

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We need to applaud the "Never, never !"

At the same time there is a case—and a strong case at that—for re-establishing the free flow of the world's commodities. Great Britain, as a mercantile nation, is ready to trade in any proper commodity which is vendable, but neither British territory, citizens nor honour is, at the moment, in the international auction-room.

H. S. A.

PART ONE

COLONIES



# GLAMOUR FOR COLONIES

## CHAPTER I

### INTRODUCTORY

OUT of a mass of tangled argument on the subject of the ownership of colonies, much of it exceedingly green and immature, one fact emerges clearly, hidden though it may be behind a profusion of dexterous diplomatic exchanges, highfalutin professions and the chatterings of *gobe-mouches*—Germany, Italy and Japan are anxious to secure possession of certain of the colonies of other nations.

In this connection the term “colonies” must be taken to be of an omnibus character, since it includes protectorates and mandated territories. The last-mentioned are administered in what is tantamount to perpetuity by the mandatory States with the consent of the League of Nations. But the term “colonies” does not include the great self-governing British Dominions; nor, presumably, those virtually integral parts of France and Italy respectively, Algeria and Tunisia, and Tripolitania.

No new disease—this acquisitive urge for other nations’ possessions. Indeed, the lack of what a

next-door neighbour may possess, and the consequential threat of all kinds of unpleasant possibilities to follow if next-door neighbour does not surrender • an acceptable moiety, is as old as the hills. And while a few may take such threats seriously, others can shrug their shoulders with equanimity and mumble, " Well, come and collect, if you can ! "

Herr Hitler, Dr. Joseph Goebbels, • Signor Gayda, Mr. Hirota of Japan are all singing—each in his own key—the same tune, the refrain of which is " We want Colonies ". And they really believe that if they keep up the din long enough the colony-owning nations of the world, England, France, the Netherlands, Portugal and Belgium, will mildly approach them with offerings.

It is really not as simple as all that.

So far as Great Britain is concerned it is not that we believe ourselves to be entrusted by destiny with an especial *mission civilisatrice* ; but we do feel that areas discovered by or ceded to our forerunners, and developed by British capital and energy, must remain British. It is a silly little conceit, perhaps, but we do believe that we are able to govern backward peoples at least as well as Germans, Italians or Japanese might, and that British talents and institutions are factors for good in a troubled world. Which being so, we see no reason why we should hand over either territory or the destinies of peoples who enjoy British protection to representatives of any of the three great nations which have been mentioned.

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Not that we have other than a proper measure of respect for Germans, Italians and Japanese, although we may not always approve of certain of their activities, political and otherwise. But however we may view the problem—from above or below, from either side, in distant perspective or within close range of vision—it just seems that what is ours is ours,•be it asset or obligation.

We, unlike any of the three nations referred to, have a long colonial history behind us. Of course, we are well aware of the activities of Cæsar's legions two thousand years ago, but that is going back too far. A few of us, too, also know of Humboldt and Fuchs of fuchsia fame and sundry other German travellers and traders. But if the palm for colonial enterprise is to be awarded to any we verily believe that it may be divided fairly between ourselves, the Dutch and the Spaniards and the Portuguese. It is hardly to be counted an imprudence to mention this, although the statement may not be entirely to the liking of these other nations which appear to think that they have a "right" to a tithe after others have ploughed and sown and harvested.

Moreover, we have—at least we harbour—some foolish hope that stabilization in the definition of frontiers may have been reached. The days of territory-snatching, like those of body-snatching, have passed, surely?

The race in the past was to the swiftest and none shall deny, England was as fleet as any. We sent



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ships and men to every quarter of the globe and set up trading stations wheresoever we might, so that the world might obtain of the earth's riches. Men of British stock gave their lives for the cause of colonization, while those of Germany and Italy stayed in their own parishes communing with the curate. Our men were far-sighted and statesmanlike. They builded well: their monuments stand to-day. Their prescience enabled great nations to be developed—the Dominion of Canada, the Commonwealth of Australia, the Union of South Africa, the Indian Empire—all four no longer just colonies, but nations enjoying full and complete sovereignty within the framework of the British Empire. The greatest constructive force in the U.S.A.—that colony of an earlier day—was, in that nation's incipience, British. One need not be an unpliant imperialist in order to derive a full meed of satisfaction from the thought that the foundations of these modern nations were laid largely by men of the British people. None need feel ashamed that a Raffles established the great British settlement at Singapore or that a Rhodes envisaged the creation of the young Rhodesian dominion. The thought of a Livingstone does not cause regrets.

Any history book will inform the uninstructed of British colonial achievements in the three and a half centuries that have passed since Elizabeth and her advisers first realized that the future of these realms was not cocooned necessarily in European waters. To-day, the British colonial territories have become

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as much an integral part of the British realm as the Shetlands and Orkneys.

- Of course, we know of the Duke of Abruzzi and General Nobile and even of Marco di Polo—and Christopher Columbus ! But even when we cast a thought to the Arctic and Antarctic regions the names that occur to us are hardly Roman or even *echt Deutsch*—unless we are mistaken ! Nansen, Peary, Shackleton, Oates, Elsworth and Courtauld, Byrd and not a few others do not smack either of the Potsdamerplatz or the Piazza di Colonna ! And still, should, as a result of Polar activities, in the course of time great wealth accrue to the nations whose flags have been hoisted in the polar regions, must the indolents among the nations be given a portion merely because they set up a clamour ?

Those nations which have blank pages, or at most a few lines, in the colonial history of the world have themselves to thank for their lack of initiative at an earlier day ; now they wish to drink milk when they have never driven cows.

\* \* \* \* \*

All the foregoing notwithstanding, to quote Boswell, “ a man cannot hide his head in a hole ”. When the Japanese Prime Minister declares \* in all earnestness that “ the assurance of a source of raw materials and of a market for finished products is a condition of prime necessity ” to Japan’s economic existence, and continues by saying that “ such an assurance alone

\* The Times, January 22, 1936.

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can render possible the maintenance of political stability among nations" he is not talking of foxes' tails. Neither, when the *Deutsche Allgemeine Zeitung* \*, says that "for Germany the colonial question is . . . a question of her rights and . . . of international justice and morality", backed by Herr Hitler declaring † that "Europe needs raw materials and colonies" can these statements be dismissed as mere whiffs of verbal grapeshot. On the contrary, prefaced, as Herr Hitler's words were by the postulation that "colonies were acquired by the right of might" one can almost hear the threat of heavy gunfire. Still, these statements, perhaps, need not be taken too seriously, since, as Cardinal de Richelieu once remarked, "to negotiate and keep on negotiating is absolutely necessary for the welfare of States".

In the very nature of things, Germany feels a trifle *isolée* as things stand to-day and the German Foreign Office would no doubt welcome a bout of polemical negotiation with Downing Street and the Quai d'Orsay, in the course of which all the complaints of the German nation would be paraded and marshalled in order to endeavour to prove that the loss of a few strips of African territory, a part of New Guinea and Kiau-Chou and a few odd Pacific islands, subsequent to the Treaty of Versailles touched her on a tender point of honour and is an intentional injustice felt in every German home. No doubt, in due course the Ambassadors of Great Britain and

\* As quoted in the London *Daily Telegraph*.

† *ibid.* January 27, 1936.

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France in Berlin will be bidden to the Wilhelmstrasse in order to receive both Notes and lectures on the German "demands" with a request to convey the *Reichregierung's* wishes to their respective Governments. France, at least, will remain obdurate. In the light of present information it is impossible to foresee what the British Government may do.

And, still, the great Bismarck, if his utterance to Lord Howard of Penrith \*—" *Ich bin kein kolonial Mensch* "—is to be taken as a reflection of his mind, was apparently indifferent as to whether Germany possessed colonial territory or no, though it was otherwise with his unhappy master the *Imperator gloriosus* William II, who, no simpleton, was fully aware of the simple truth that little acorns into great oaks may grow.

It must never be forgotten that the Teutons despise the Latins. And Germany has never forgiven Italy's turncoat policy at the outbreak of the Great War, though this has no immediate bearing on our argument. But it has a distinct bearing on the German attitude towards nations such as France and Portugal, colonial powers both, while the Germans do not own a rood of territory in complete sovereignty, outside their own dominion, anywhere.

Germany's pre-war colonies are now split up among the former Allies in the Great War and, though they were territories of small economic value and Germany certainly made remarkably little of their potentialities, Germany deplores their loss. To a beaten—and let

\* *Theatre of Life*, Howard of Penrith.

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there be no pretty mincing of words—and arrogant nation which recently has been given permission by the British Government to build a limited but extremely modern and powerful navy, it is a matter of some concern to have coaling and victualling stations of her own at strategic points. Moreover, say the Germans, “the white races were meant to rule over the coloured peoples !” And now, in this particular connection, the Germans are reduced to the rôle of a people *fainéant* !

The Germans are hankering for a return to the *status quo*. But in the conduct of international affairs, possibly even less than in respect of any other form of human activity, you cannot set back the hands of the clock any more than “you can unpull a man’s nose”. Anyway, if you endeavour to start planning on paper you soon find it impossible to fix other than an arbitrary starting-point which represents a possible static position.

Leaving more distant history aside, we are asked to go back no further than the year 1914. So be it, then, for the purpose of the argument. Magnanimously, the former Allied Powers are to return the strips of territory mentioned heretofore to an intransigent Germany. What about Germany’s former ally, the Turk ? If African colonies are to be passed back to the *Reich* as a “matter of justice” (*sic* !) surely the Levantine territories where formerly the Turk held suzerainty, but which are held now under Mandate by France and Great Britain, must be handed back with due ceremony to the successor

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State to the former Ottoman Empire. To hand back the former German colonies to their old masters would create, therefore, a dangerous and awkward precedent, which might indeed carry us right to the very heart of the storm-centre of the argument which wages about the present European frontiers. The cry for frontier-rectification is loud and poignant. Soon the cries may become blows.

But we are drifting from the question of colonies, though in many respects it is bound up hand and foot with the European situation.

To return to the strict letter of our argument, if Germany has a case based on previous ownership, who shall deny the Dutch and the Portuguese a claim—to pick a useful example at random—to Ceylon? The brief for either the Dutch or the Portuguese would contain many more cogent arguments—even though they might be a trifle yellowed with age—than the German brief which, among its few merits, can claim recency.

It may be said that Ceylon and bits of Africa are in different categories, and that Great Britain would be none the worse off territorially for presenting the Germans with a few “small trinkets” in order to give them a trifle of satisfaction. The “small trinkets” in question are, naturally, the Tanganyika Territory and what was German South-West Africa.

Of course, we should have to take the advice of the Government of the autonomous Union of South Africa which is entrusted with the Mandate for South-West Africa; and we should also have to

enquire of them whether they share certain views of the late General Louis Botha\*. Again, with the recent instance of the Munich Broadcasting Station and its outpourings for the ears of Austrian listeners in mind, it would be desirable for us to be mindful of the possibility—were we to re-establish the sovereignty of the Germans on African soil—of the erection, by Germans, of powerful wireless stations at Windhoek and Dar-es-Salaam with the intention of disturbing the internal peace of the Union. And if the views of the late General Botha, quoted below, are based on fact, can we contemplate, as a humane nation, the renewed arming of tens of thousands of natives and the extermination of countless other “inferior blacks”?

But we must leave the German “claims” for a moment; and address ourselves to another most vocal “claimant”, Japan. The Japanese have considerable imperial pretensions, though they have but a background of sweated labour and squalor, mean living conditions and bare emergence from apprenticeship among the nations. Japan, unlike Germany, causes far greater uneasiness to other nations than to ourselves. The fecundity of the Japanese people causes them to look hungrily towards countries (sovereign States) and colonies which lie within

\* “German East Africa is an impossible country for white men. West Africa, on the other hand, is a place where whites can live. In East Africa the Germans trained and armed 8,000,000 natives, hoping thereby to dominate South Africa. In the West they exterminated the natives in order to settle the country with Germans” (General Botha). *Intimate Diary*, Lord Riddell. N.B.—The figure of 8,000,000 is surely exaggerated—800,000 might be a possible figure.

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relatively easy reach of their homeland. Hence we observe the slow, but ever so sure, engorgement of China. The many-striped Chinese tiger is rapidly approaching the day when it will soon be buff-coloured ; and then the Rising Sun will be stamped on its rump. Neither Great Britain nor the United States have taken any active steps to interfere. Actually, they have turned their backs while unhappy China has been dismembered, so that they might not observe what was going on. They might have been hauled into the row ! Japan must think, with the Germans, in this that “ *Der Schwein last Du beschauen Seine Rückseite, und damit Seine beste Stück* ”.\* So far as Great Britain is concerned, the policy of non-interference has been unfortunate, yet wise. While the Japanese have been enforcing their will on China (which, in its political decrepitude, has been able to show but small resistance) Great Britain has been able to create a powerful naval and air base at Singapore, so that British possessions in the East may be protected adequately ; and any Japanese threat—remote though it may be—of an unwelcome interest in the unpopulated areas of Australia has remained unspoken except in whispers. The main threat, as will be shown in a subsequent chapter, is directed at the Dutch East Indian colonies. Japan, unlike Germany, has no “ grievance ”. Japanese policy is moved by undisguised colonial ambitions which do not limit themselves to the Asiatic mainland.

\* The hog shows his hindquarters whereby he reveals his best portions.



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Notwithstanding travellers' tales and newspaper-cum-parliamentary compliments, the Japanese are still a primitive nation, pleasantly primitive, an adaptive and adept primitive people certainly, but primitive none the less. Civilization is a slow growth and not a varnish. It is the sum total of strata innumerable of advanced human experiences which have been codified as law and custom, whether written or unwritten matters not. The Japanese have adopted European ways and customs in public, even as they wear their uniforms and frock-coats out of doors, but squat on their haunches in their kimonos in private. These primitive Japanese, with their veneer of civilization, cast their eyes in every direction to see what they can seize which is another's. Their glance even includes Australia as a potential area where cotton may be grown to supply the Japanese looms and where "surplus" Japanese citizens may be planted. None the less, Japan, at least for a generation or so, will not essay a trial of strength with the British Empire. We shall examine this question more closely directly.

The immediate point which claims our attention is, what are these various "claims" on the part of Germany, Japan and Italy (the three most vocal nations) for colonies? Have these "claims" any real substance behind them? Are they founded on any basis of reason or justice? Or are they but the outpourings of an exaggerated nationalism?

Would a transfer of territory from one nation to another, together with the destinies of native popu-

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lations, still the clamour? Would it? The question needs to be asked a second time. The one nation looks with eager eyes to the possible *acquisition of territory*; the other is more interested in *the control of large native populations*. It is not always appreciated that the two are very different. In the case of Great Britain, exploitation of native populations is *not* part of an enlightened policy.

Italy, which has received but brief mention hitherto, apparently needs both territory *and* a native population at her disposal. Italy, with little "colonial sense", has chosen to pour lives and money down a North-East African sink in order to acquire (*a*) land on which, problematically, to settle Italians, (*b*) a native population from which native levies can be drawn, and (*c*) raw materials grown, so to speak, in her own kitchen garden. Italy, even as Japan, has a so-called "surplus" population and declares in the same breath that she is a poor nation. Item, what is wealth? Population, surely, is the most valuable form of wealth, since all the land in the world without the hands to till or quarry or mine, is worthless.

Italy observes new Russia growing cotton on her own territory. Italy must do likewise, even though the territory be a sea's-breadth distant! Italy, after the fashion of a suburban matron, must also strut in her feathers. But this argument can be continued *ad infinitum*, with almost ridiculous results, since the next "claim"—absurd to relate—may come from the U.S.S.R. As a considerable consumer

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of tea and rubber, the Kremlin may argue—Russia should not be obliged to purchase these two important commodities from British and Dutch colonies ! Russia, too, must therefore have colonies ! And Czecho-Slovakia, Yugo-Slavia, Hungary, Poland and Switzerland must also be given colonies ! But perhaps these lastmentioned five nations lack that exalted form of national pride, peculiar at the present time to Germany, Italy and Japan. Yet they have at least as much “right” to submit “claims” as any other nation. The pity is that there are no fresh worlds to conquer.

## CHAPTER II

“ COLONIES ”—“ SOVEREIGNTY ”—“ INDEPENDENCE ”

ON the West Coast of Africa we may find a small, insignificant and corrupt negro republic, Liberia, which sends its envoys to the capitals of Europe and to Washington ; and in and about the Caribbean Sea there are half-a-dozen midget republics complete with Presidents, Senates, Congresses, Armies, Navies and Foreign Offices, which send their delegates to Geneva, where they join in the debates. They, too, send their diplomatic envoys to every leading capital city, thereby displaying the outward and visible sign of full sovereignty.

These small nations enjoy democratic constitutions and, nominally at least, democratic institutions, even though occasionally they throw these on the scrapheap at the behest of pinchbeck dictators. They possess full nationhood in the most extreme sense of the word and may display, on demand, all the peevishness, tantrums, indignation, pugnacity and contumaciousness which may be met with in the course of dealings with greater Powers. They are complete little miniatures of the greater whales in the ocean—fiercely national, though at the same time not infrequently financially and economically unstable.

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Political organization is a very inexact science. These small political organisms, whose envoys at the Court of St. James' may drive into the quadrangle of the Foreign Office in order to present Notes, possess full nationhood, merely because a century or so ago they liberated themselves from the chafing Spanish yoke and, accordingly, changed their status. Yet they remain exceedingly small minnows, even in comparison with second-grade British colonies which either do not possess or do not aspire to independent nationhood, but are content to exist under British protection.

It is essential that this point should be made at an early juncture, so that the troublesome question of so-called "colonial" raw materials which falls within the scope of our subject, may be understood properly.

*Ergo*—a question to be answered is, what is a "colony"?

In the most accurate sense of the word the "plantations" in America, together with Canada, Australia, New Zealand and South Africa were "colonies". There we had large areas of land which Europeans could "colonize". "To colonize" may be said to be, the transfer of populations to new areas where they may live according to traditions and customs, and in conditions, which approximate those enjoyed in their homeland. In the past this description applied—and it still applies to-day—to the former colonies in North America and the present-day overseas British Dominions as defined by the Statute of Westminster. None of these is any longer a

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“ colony ”, yet all remain colonial in character in the sense expressed above.\*

On the other hand, a “ Crown Colony ” such as the Gold Coast is *not* a “ colony ” at all. A protectorate, if you will ; even a dependency. But as to its colonial character there is none. Englishmen cannot transfer themselves, their wives, families, and ways and habits to Accra as they might to Melbourne or Montreal. Neither, for that matter, could Europeans of any nation, since the tropics were not made for the white man ; and the sooner this simple fact is appreciated on every hand the sooner shall we hear less absurd theory and a little more commonsense. And here we must qualify the expression “ white man ”, since it is clear that a few government officials, traders and planters live in the tropics. The reference, of course, is to any considerable movement of population. There is little room in the tropics for the European manual worker ; there is no possibility of his transference *en masse* so that he may escape the economic pressure to which he may be subjected in his own country, since—it being provided so by nature—the standard of living of native populations is so utterly distant (be it noted the expression “ *lower* ” standard of living is not used) from that of the superior white that it would be a humiliation to the European far greater than

\* The Statute of Westminster, of 1931, declares the United Kingdom and the Dominions to be “ autonomous communities within the British Empire, equal in status, in no way subordinate one to another in any aspect of their domestic or external affairs, though united by a common allegiance to the Crown and freely associated as members of the British Commonwealth of Nations ”.

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could strike him in his own country were he to be reduced to the equivalent of native status.

Now we can well imagine that were the British Empire to be run from Berlin we should have colonies of the 1st, 2nd and 3rd categories, and settlements such as Gibraltar and Malta which would be placed in a special "strategic" category. But Great Britain does things in her own higgledy-piggledy manner and we find that the Empire consists of Dominions, Crown Colonies, Protectorates, Mandates and even a condominium territory, the Sudan, plus that immense jig-saw puzzle of native States and British territory, India.

Returning to our earlier argument, which is the greater—the Central American Republic of Nicaragua, with its parade of complete sovereignty and a population of 750,000 or so, or its close neighbour, a humble British Crown Colony, which has no speech in the conduct of the world's affairs, Jamaica, with a population of a round million? And does the Malay Peninsula, all of which is *de facto* British territory, but which is divided into Crown Colonies, Federated States and even Unfederated States (governed by puppet Sultans), with its great ports of Singapore and Penang, its vast international trade, and a population of between four and five millions, rank lower than Guatamala or the negro republic of Haiti whose Ministers in London may sit in the Distinguished Strangers' Gallery in the House of Commons?

Of course, we know that the world's frontiers have

not been drawn with the accuracy of an architect's blue-print and that here and there small knots of population have become centred, which, having broken loose from a main stem, have secured an independent foothold which has received the acknowledgement of the great nations. Such, admittedly, are the small republics to which we have referred. Their independence, their sovereignty, does not in practice, perhaps, give them prestige in the world's counsels other than what may be unction to their national pride, but it does draw attention emphatically to the anomaly of great colonial territories being dependencies while relatively insignificant groups of people possess full nationhood.

Yet, how can it be otherwise? And would those who dwell in the British colonies have their status changed? It is comforting, after all, to dwell within the protection of the mighty. And a live dog is better than a dead lion ! Which goes to say that, were there no British Empire to keep the peace there would be many dead lions, while those that remained would be forever clawing and snarling at each other.

We do not even hear of Jews clamouring for a Palestine manned entirely by their own people. They with their native shrewdness, do not suggest that colours on which would be emblazoned the Jewish pentacle should float over Palestine ; that there should be a President of a Jewish republic with all the appurtenances of State, *which would mean having to part with the protection of British troops*



*and the British navy.* And yet Palestine, both Arabs and Jews, has a population in excess of a million, compared with Nicaragua's 750,000. But were the British hand to be removed, Jews and Arabs would be slitting one another's throats as though they were the very pigs which both abhor. The Jews no more wish for a totally independent Jewish State than do the negroes of East Africa pray for the departure of the British so that they may be sold into slavery by Arab slave-traders.

The unhappiest of British Prime Ministers, Mr. Bonar Law, once said that Great Britain could not act as the policeman of the world. The fact remains, insofar as concerns the Empire, acting the policeman is Great Britain's first and foremost task. The rôle of policeman is the principal task which Great Britain has undertaken almost everywhere in the Crown Colonies. Not only in the mandated territories in East Africa and Palestine has Great Britain to keep the peace and establish codes and standards which ensure comparative tranquillity, and safeguard the rights of all sections of the population. The same applies in every British dependency, wheresoever situated. Law and order must be observed : cherished British liberties carried to the dependencies, such as the liberty of the subject and the practice of the Grotian doctrine, *Jure gentium inter quosvis liberam esse mercaturam*.\* There are many backward communities in the world where the guidance of Great Britain is the only safeguard of these simple rights.

\* By the law of nations trade is free to all persons whatsoever.

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These are British colonies, so-called. But there are other backward communities and these are sovereign States—and sorry little sovereign States at that—beside which the most insignificant British colony may take pride of place. And never a Signor Mangia-Tutto or a Herr Weltmacht will venture to touch them, notwithstanding Signor Mangia-Tutto's Ethiopian adventure. Ethiopia stands in a category almost alone among the nations of the world.

The sovereignty of the Central and South American republics—the great, for that matter, as well as the small—is *guaranteed by the Monroe doctrine, which is sacred*. Even the little men who tread the Ginza in Yokohama do not care to meddle with the ark of this Covenant. But the sovereignty of these small republics is guaranteed by another Covenant, that of the League of Nations, in addition. It must please them well, therefore, to see the creaking machinery of the League set in motion on occasion against a defiant member such as Italy.

Great Britain protects her own possessions with her fleet ; the small American nations are under the protection of the United States. Yet they are “ independent ” !

But there are small independent States in other quarters of the world, some of them of considerable antiquity. The U.S.S.R. may, one of these fine days, become as closely interested in the welfare of Iran and Afghanistan—sovereign States both—as has Italy become in Abyssinia. M. Stalin and M. Litvinoff

appear to be reasonable men in the conduct of their Near Eastern policy. But the Secretary of the Communist Party of the U.S.S.R. and the Foreign Commissar will, in the course of nature, pass from the scene ; and their successors may have different views. The powerful new Russian army may send a few brigades by air\* to Tehran or Kabul and carry the Soviet word to the Iranians or the Afghans with the aid of machine-gun bullet and bomb ; and found " colonies ", in other words annex territory, and " collectivize " over an area even wider than has proved possible within the U.S.S.R. itself.

And, of course, there is nothing in the world, *a prima vista*, to prevent Signor Mussolini or Herr Hitler, in their quest for tropical colonies, from dispatching naval and military forces to the Gulf of Siam and turning the independent little Siamese realm into an Italian or German counterpart of neighbouring French Annam. There is always the risk, admittedly, that world opinion might intervene. Great Britain and France, with Treaty obligations to Siam, and having vital interests in contiguous countries, would, it may be assumed, act in concert and oppose an aggressor.

The League of Nations, naturally, would mirror world opinion, though if the dilatoriness which was shown in regard to the Abyssinian affair were to be repeated, it seems as if little Siam would go the

\* On February 27, 1936, a French deputy stated in the Chamber that he had seen in Russia " a whole infantry brigade complete with its artillery, its light tanks, and its machine-gun units being transported by air in 97 aeroplanes ". *The Times*, February 28, 1936.

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same way as Abyssinia was destined to go. The lawbreaker among the nations would press ahead ruthlessly without any effective check being put to his activities. A truly delectable acquisition, Siam, for any nation.

The gentlemen of the Ginza think so, too.

The Japanese, in truth, may be a greater menace to Siamese independence than the Germans or the Italians, who do not appear (in public at least) to have cast their eyes so far afield. After all, they may reckon, Great Britain could create formidable difficulties in the path of such an adventure ; though they will be well aware that the Siamese themselves could put up but a feeble defence in the event of attack by a modern force.

Pure hypothesis, it may be said.

Still, on the assumption that the clamour for colonial territory refuses to be stilled and that the present colony-owning nations refuse to hand over any part of their possessions without showing fight, there remain but a few small areas such as Siam and the Central American republics where the covetous might—if they ventured—overthrow sovereignty and instal a colonial régime.

\* \* \* \*

There are a few who would throw British dependencies to the wolves. Actually, this would not be their purpose. Animated by the most praiseworthy intentions, quite a number of excellent and well-meaning persons would give even the most

simple-minded native populations in certain British dependencies the "right of self-determination". Such persons may be found not only in Great Britain but also in the dependencies themselves. Self-determination to many of the second group would spell a share of the spoils—honour and office. There may be found anywhere at least a handful of extremists who would—were they enabled—lead a movement to break the British connection. They fail to appreciate the full security and free economic development which they enjoy, and would exchange this for a precarious independence which would place them at the mercy of the colonially-hungry among the nations of the world. Self-determination of subject races on the basis of nationality is a dangerous theory if carried to its logical conclusion, as the Filipinos may find to their cost, if they do not attach themselves more closely to the United States once again before another great Power may start displaying an active critical interest in the destinies of the Philippine Islands.

Independence is truly a double-edged weapon. He who wanders alone treads a perilous path. In a world where, to quote the German Chancellor once again, "colonies were acquired by might" only big battalions can ensure the permanence of even a circumscribed measure of independence. The big drum is but a poor rival of heavy ordnance. And small congeries of people who—through having similar tastes and habits, sharing a common language and traditions—constitute nations may beat their tom-toms fiercely on occasion, yet they must depend

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for their simple liberties on heavy ordnance the same as greater nations. If Great Britain is prepared to supply the heavy ordnance for those miscellaneous peoples within the British Empire, who could not handle a pop-gun themselves, so that they may live an untroubled existence—at peace at home and unmenaced from without—happy is the lot of the Colonial British Subject.

On the one hand, then, colonial status ; on the other small sovereign States \* controlled by politicians on the make. It would be easy to pock-mark Africa with Liberias and the West Indies with Haitis. Recent happenings in both these quasi-sovereign States will be within the memory of many. It would be a simple matter to evacuate the Sudan and British Somaliland and let the pastoral and nomadic peoples of these territories go their own ways. But—who shall doubt it?—no sooner would Great Britain leave by the front-door than Italians, Germans and even Frenchmen would enter by the back. Even the most advanced protagonist for the self-determination of peoples will not suggest that the negro has acquired, at least as yet, the capacity to organize politically in accordance with the accepted British methods of polling-booth and Parliament, unswayed by emotion, balanced by reason. If many highly-educated Europeans find it difficult to clothe themselves in the equivalent of British democratic institutions, how shall the poor negro succeed ?

\* The reference to “ small sovereign States ” naturally excludes nations of superlative civilization and/or ancient history and tradition, such as the Netherlands, Denmark and Portugal, to name but three of them.

But even if Great Britain thought fit to withdraw entirely from some of her colonial obligations, and native peoples were given not only the semblance but also the solids of sovereignty, two questions remain : first, could they throw up men capable of governing without guidance from without and, secondly, how long would other powers respect such sovereignty ?

The replies to both questions are clear to the experienced—natives may be trained as administrators and, under the British eye, will perform, within the peculiar limits of minds which function differently from those of white men, certain duties satisfactorily. They lose a sense of direction when the white man's hand is removed from the helm. That this is so, indeed, may be seen by comparing, firstly, Liberia and the adjacent Gold Coast Colony and, secondly—to go to the Far East—Hongkong and Shanghai \* with any squalid sink of corruption known as a Chinese city.

Actually, a single line almost will suffice to answer the question whether, if Great Britain walked out, other Powers would be able to resist adding to their possessions ? Egypt tells the story. If Great Britain were prepared to cut adrift from Egypt *entirely*, what would happen to Egypt ? The Quai d'Orsay could tell us ; so could the Palazzo Chigi. Indeed, the answer is to be found by casting a glance across the map of North Africa—Tripolitania (Italian), Tunis (French), Algeria (French), Morocco (French), Rio del Oro (Spanish).

\* A reference, of course, to the International Settlements.

New fields to conquer, is the cry. Actually, however, none of the claimants seems to be concerned in founding "colonies" as such, since, in the basic sense of the word, colonies of Italians, Germans and even Japanese there are in all quarters of the globe.\* The United States is pitted with them. There are countless more Italians in the city of New York than ever will be settled in North-East Africa. In truth, the Italians of New York City form a considerable Roman colony. But in New York the edicts of Rome must go unheeded. Another law—and not that of the Fascists—runs in the U.S.A. In a case of this kind Italy has the substance and only lacks the shadow of being a so-called Colonial Power. What Italy, together with Germany and Japan (though less so in the case of Japan), seems to crave are not so much colonies, as sovereignty over subject peoples.

If the oft-quoted case of the Italians in New York has been given here it is with an endeavour to show up in a high light this very distinction between true colonization and sovereignty over subject peoples, which latter is so very different.

This Italian colony in New York is one which the Italians have reproduced in the South American republics, in Australia, indeed almost everywhere. Even as have the Germans—and the Japanese. The

\* There are almost two million Germans in the United States and the same number of Italians. In Brazil there are, it is estimated, 1,000,000 Germans; in Argentina at least 60,000. Between 1820-1930 one and a half million Italians emigrated to Brazil; and it is estimated that 672,266 Japanese subjects are resident abroad, of whom 436,580 are said to be in the United States. 10,000,000 persons of Italian origin and immediate descent are resident outside Italy. There are some 30,000 Japanese in Brazil alone.



whole of the Pacific seaboard is studded with small Japanese colonies (using the word in its simple sense, i.e. lacking sovereignty). Chinese are to be found almost everywhere.

There are a dozen causes and a dozen explanations why men and their families leave their homeland. The commonest suggestion is—economic pressure. “Italy is a poor country, a small country, with a great population” is the kind of thing the Italian apologists preach. And from Tokio comes the same cry, or at least something that sounds remarkably similar. Italy’s loss is America’s gain. But it must appear to even the most ordinary intelligence that the failure of any nation to be able to support its population is due, primarily, to a disordered economy. None the less, over-population is the plea of the nations named. And as a consequence their nationals are driven to seek a livelihood within the jurisdiction of other States.\*

“Cannot something be done to off-set having to part with our citizens who go to worship other gods?” lament the high priests in their temples. Whereupon they straightway take down their atlases from their shelves and mark out what territory they are going to seize (not too far from the governing centre!) to which their citizens may proceed in the future—territory where milk and honey will flow from rocks and golden apples grow in mangrove-swamps. Fallacy piled on fallacy, of course, but a good enough substitute for loaves and fishes.

\* A full recognition has been given in submitting this view that the doors of those nations that welcome immigrants have been far from fully wide-open of recent years.

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Reduced to the bare bones and divested of inflated pretensions, Germany, Italy and Japan are simply territorially-acquisitive. They care little for the independence of lesser peoples ; the only sovereignty they recognize is that of themselves or their equals, and “ colonies ” to them really only means—“ we’ve got to have a piano like Mrs. Smith’s next-door ”. With all that this implies.

## CHAPTER III

### THE GERMAN CASE

MR. LLOYD GEORGE, in his "War Memoirs" \*, quotes a confidential note dated January 31st, 1917, sent by von Bernstorff, former German Ambassador at Washington, to Colonel House, in which suggested German Peace Terms are set forth.

In this note we may read, *inter alia*, that one of the German terms would have been :

"Restitution of colonies in form of an agreement which would give Germany colonies *adequate*† to her population and economic interests".

The *ballon d'essai* in question came to earth almost as soon as it was released. In Mr. Lloyd George's view the particular item affecting colonies in the German Note amounted to a demand for cession of part of the French and British colonial empires.

Ere proceeding any further, let us assume that at the critical moment when von Bernstorff was inviting the late President Wilson to act as a mediator, France and Great Britain might have been reduced to such straits that *any* fairly reasonable German terms would

\* p. 1117 *et seq.* † NOTE.—The present author's italics.

have been acceptable. Both countries would have had to part with colonial territory. Here now are two questions, arising *ex hypothesi*—first, would Great Britain and France have whined for the return of their colonies within 20 years of parting with them, and, secondly, what chance would they have had of these self-same colonies being returned to them by the German victor? Those who can answer these two questions conscientiously will be able the better to appreciate this hypothetical case when it is inverted.

Hardly pressed though they were, Great Britain and France were not even prepared to look at the peace proposals offered by the Germans in January, 1917. And, in November, 1918, it was the Allies, and not Germany, who were dictating terms for an armistice which, embodied later in the Treaty of Versailles, led to the final renunciation by Germany of her pre-war colonies—and these being ceded to the Allies, by whom they are now administered under Mandate of the League of Nations.

To-day, Germany, having gambled and lost, claims the return of her stake, and by suggestion, hint and threat endeavours to make our flesh creep by leading us to believe that unless we return the stake there will be a good chance sometime or other of our having to play a second rubber.

\* \* \* \* \*

We still have a few in our midst who would give away their neighbours' shirts. As an instance, let us quote Professor Arnold Toynbee, Director of Studies

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at the Royal Institute of International Affairs, who had the boldness not so long ago of making one of those speeches—and to a Berlin audience at that—which leads a suitor to think that he is about to be satisfied. Professor Toynbee said \* that “he could easily understand why the return of her colonies was a question of honour with Germany. The majority of English people understood that standpoint and sympathized with it, but the question of the German colonies also raised a question of honour for Great Britain. . . .” He felt “that it was possible to harmonize the German and English standpoints on the question of honour”. How, pray, would the excellent professor accomplish this?

In the preface to this book reference has been made to the Government statement in the House of Commons that the British Government are not considering handing-over any of the British colonies or territories held under mandate to any other power. Attention has also been drawn to the important omission that this statement contains no undertaking for the future.

Read in conjunction with Professor Toynbee's remarks—and he was addressing no mean assembly, the Academy of German Law—we are constrained to wonder whether we have had what Cromwell once called “a full view” of the Government's mind.

Professor Toynbee, in any event, should read the proceedings of the House of Commons more assidu-

\* Reported in the *Times* of February 29, 1936.

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ously, since if he did this he would know better than to do his German friends a signal disservice by assuring them that "the majority of English people 'sympathized' with the German point of view". Far from this being the case, there are many Englishmen in high office, in Parliament and in the City—men of every degree and outlook, Labour, Conservative, Liberal—who are in no mood to contemplate the surrender of British colonial territory. Professor Toynbee should remember Zeila !

\* \* \* \* \*

Actually, German interest in colonies does not date back more than half a century ! Bismarck's expressed view on the subject is referred to in an earlier chapter of this book. But whosoever knows the Germans will know, too, how a certain type of German endeavours to concentrate a general academic argument into a small compass, label it with a "portmanteau" term, and then inflict it upon the world as something to be endured and suffered for evermore. In this way did Germany discover that she had to have a *Kolonialpolitik*, though the sturdy old Chancellor himself only acquiesced in the establishment of the former German protectorates in Africa and the Pacific after being badgered by espousers of the colonial expansion school of thought. To Bismarck himself colonies were "simply a pleasant addition to German power".\*

\* A History of German Foreign Policy, 1870-1914. Erich Brandenburg, Professor of Modern History in the University of Leipzig.

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The position of Germany in the colonial field—which was then part and parcel of the whole wide area of foreign affairs—in the 80's and the 90's was not unanalogous with that of a boisterous egotist who is as able to do anything, from pulling a watch to pieces as driving a locomotive, as the next man, and is looking about him for watches and locomotives.

The conduct of foreign affairs in those days was a unique game of strategy. It was a case of "Your move, I think?" followed by a succession of moves, counter-moves, pauses, angry glares with, occasionally, the possibility of the whole board being swept from the table by one or other angry player.

Germany, having risen to high rank among the nations of Europe, needed the appurtenances of her new status. If Great Britain and France—the latter but recently defeated in war (1870-1872)—were rated as colonial powers, Germany could not suffer the humiliation of exclusion from this particular order of greatness. Moreover, the German navy was growing. In time of war navies are meant to be used for defence, attack and battle, but in times of peace they are but watch-dogs whose purpose is to show the flag wheresoever this may serve a useful need.

The German desire to be meddlesome in the whole field of foreign affairs made the German navy another useful appurtenance to her newly-gained status in Europe. But of what use a navy if it must remain

inactive in Home waters? To use a homely simile, of what use a new hat and gown if you cannot show them off in church? Accordingly, the German fleet had to be able to roam the seven seas. And as fleets need coaling and victualling stations—as the Russians found to their cost in 1905—it was necessary to establish naval bases at strategic points.

Thus did certain German colonies come into being, even as the Dutch, more than two centuries earlier, had established a victualling station at the Cape of Good Hope.

It is one of the unsuspected surprises of nature, but the German voice is certainly more resonant, raucous and threatening than that of any other nation. And, when German ambition vaults, the sound of the German voice has a terrific effect on all within its range. At least, this appears to have been the case during the last decade of the nineteenth-century and the first dozen years of this.

Admittedly, there was not exactly a wringing of hands in Whitehall each time the German oracle spoke, but there was a realization that the oracle was almost beyond the control of ordinary pacific British appeals. Hence, there was an almost incessant bargaining in respect of territory, especially African territory, which savoured pretty much of the market place, wholly discreditable to the might and power of Great Britain. The late Lord Oxford, in his "Genesis of the War", says that "all we did was to propose exchanges with Germany of territory that was ours for territory that was hers; to undertake



not to compete for the *purchase* of certain other territory that might *come into the market*,\* in consideration of a corresponding undertaking on her part; and to agree about zones within which each nation should distribute its industrial energies and give financial assistance to enterprise".

For a generation this bartering of territory continued, to Great Britain's dishonour. As far back as 1890 Heligoland was handed back to Germany in exchange for German acknowledgement of Great Britain's supremacy in Zanzibar† and certain vague African frontier changes. If Great Britain throughout had not heeded the thunders of the minor Jove of Potsdam and had kept to the correct and obvious moral course of "what I have I hold"—if Downing Street had not acted as might a Jew huckster, prepared to sell, exchange or otherwise deal with tracts of territory in order to keep the peace—actually, strange though it may seem, there might never have been a "Great" War. Indeed, it would be gratifying to think that even to-day Downing Street had learned to say "No" in unelastic tones and thus put an end to continental clutterings.

The result of fluttering Downing Street hesitations of course led to a *Sturm im Wasserglas* almost at every turn of the political tide—unloading of German guns at Walvis Bay; recruiting of Chinese coolies at Singapore for service in the former German territory in New Guinea; Germany's claim to the

\* The present author's italics.

† Zanzibar, in view of its situation, has some strategic importance in certain conceivable circumstances as a coaling and victualling station.

Samoan Islands and, finally, the dangerous incident in 1911 when Germany dispatched a German gun-boat, the "*Panther*", to the port of Agadir in Morocco in what the late Lord Oxford described\* as "the ostensible defence of some non-existent German interests against imaginary perils". Germany nosed around like an ill-mannered dog digging up old bones and then guarding them, with a showing of teeth and an intensity as though they were the most succulent joints which ever caused a nation's mouth to water.

Time and again the German government of the day brought Europe within an ace of war. The world had to deal with an arrogant and aggressive Germany which thought nothing of making demands of other Powers wholly disproportionate to her "rights", "claims" or "needs". As an instance—it is reasonable for France, Spain and Great Britain to have an interest in Morocco—while, as a long shot, by virtue of being a Mediterranean Power, Italy, may be added. But that Germany should have contemplated occupying Agadir, in 1911, was almost a direct affront to every other Power, not least to Great Britain which was hardly prepared to tolerate a possible German naval base in close proximity to Gibraltar. This is the kind of pseudo-colonization in which Germany chose to indulge in pre-war days; and although, as in the Agadir case, these essays often proved abortive, yet they caused constant anxiety in every capital of the world.

\* *Genesis of the War*—H. H. Asquith.

There was no telling where the Germans might cause the next eruption.

The entire pre-war expansionist policy of Germany was based on "compensation". If an illusory "right" were imperilled then—almost risibly so—the Germans were on the spot immediately urging their "claims". In the case of Morocco, France, by reason of her geographical position, entered into possession almost naturally. But as Germany's permission had not been asked, Germany must either take over Morocco herself—or be "compensated" by the cession of other territory. It so happened in the Moroccan dispute that Great Britain supported France, which dampened the ardour of the Germans to press their case to the uttermost.

The Germans renounced their spurious claims to Moroccan territory; in return for this magnanimity they received from France a strip of West African territory, which was gain or loss, however you may look at it.

This is all *vieux jeu*, but it is instanced in order to illustrate how the pre-war German mind worked. Wherever in the entire world any question arose, though German interests might be totally non-existent, Germany had to have a look in; and, like many a creditor in a bankruptcy, put in an inflated claim—usually based on "prestige"—"with loud voice and threatening gestures" in the hope of getting a dividend at least as much as would those whose claims had solid grounds.

The Germans roamed all over the map with a pair

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of dividers and a powerful magnifying-glass. But the nations of the world had "booked up" most of the world's unoccupied territory. Even Italy seized Tripolitania ! At the outbreak of the war the German gaze was directed towards Bagdad.

\*            \*            \*            \*            \*

What were the pre-War German colonies, anyway ?  
They are listed below :—

- (a) Former German South-West Africa, now administered by the Union of South-Africa ;
- (b) Togoland and Cameroons, now administered in part by Great Britain and in part by France ;
- (c) Former German East Africa, now administered in part by Great Britain and in part by Belgium ;
- (d) Former German South Pacific possessions, now administered by Australia ;
- (e) Former German North Pacific possessions, now administered by Japan ;
- (f) Samoa, now administered by New Zealand ;
- (g) Nauru Island, now administered by Australia, Great Britain and New Zealand.

All these former German possessions are administered under mandate of the League of Nations. In view of some misunderstanding which seems to exist in certain quarters, it is necessary to point

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out that all the territories mentioned were *ceded to the Allied and Associated Powers*, and accordingly passed from the possession of Germany, *not* to the League of Nations, which possesses no sovereignty, but to the victors of the war who elected to administer these territories under a new style as "sacred trusts of civilization".\*

Whatever political value Germany may have attached to her former colonies, they were of small, if any, helpful value in relation to her economic needs. In 1935 Germany imported coffee of a value of Reichsmarks 120,997,000 (£10,083,000), raw cotton of a value of R.M.329,772,000 (£27,481,000) mineral oil worth R.M.164,953,000 (£13,746,080), copper valued at R.M.80,697,000 (£6,724,750).†

*The total annual value of exports from ALL the*

\* The relevant clauses in the Covenant of the League of Nations follow :—

- Article 22 (1) To those colonies and territories which as a consequence of the late war have ceased to be under the sovereignty of the States which formerly governed them and which are inhabited by peoples not yet able to stand by themselves under the strenuous conditions of the modern world, there should be applied the principle that the well-being and development of such peoples form a sacred trust of civilization and that securities for the performance of this trust should be embodied in this Covenant.
- (2) The best method of giving practical effect to this principle is that the tutelage of such peoples should be entrusted to advanced nations who by reason of their resources, their experience or their geographical position can best undertake this responsibility, and who are willing to accept it, and that this tutelage should be exercised by them as Mandatories on behalf of the League.
- (3) The character of the mandate must differ according to the stage of the development of the people, the geographical situation of the territory, its economic conditions and other similar circumstances.

† Reichsmarks converted at 12 to the £ sterling.

*former German possessions combined has never at any time exceeded a sum of between six and seven million pounds sterling, i.e. not even—when rolled into one—as much as the value of German imports of coffee alone. Tanganyika—and the development of this territory has certainly not been retarded under British rule—could not in present circumstances supply Germany with 1 per cent. of her cotton requirements, and, perhaps, at a pinch, with 5 per cent. of her requirements of coffee. The territory could supply possibly £500,000 of gold annually, but what is £500,000 in bullion when, as in the case of Tanganyika, the British Treasury has had to lend a sum of £3,135,446 for the purpose of capital development, partly free of interest? And Tanganyika was one of the greatest of the German pre-war colonies. To make Germany independent of the U.S.A. in respect of cotton alone, she would have to plant up at least three million acres or so somewhere or other and invest a sum of certainly not less than £50,000,000—£150,000,000, dependent on local conditions. A prime consideration in so doing would be the availability of ample and dependable labour, at least as dense in its incidence as in the cotton-growing States of America. Labour in such requisite numbers is not available in any part of tropical Africa where Germany formerly had territorial possessions. It is only in those tropical and sub-tropical areas which are most populous that intensive agricultural effort on the grand scale may be indulged in. And Germany has no more claim to any of these areas than*

she has to the revenues of Milan, Manchester or Manhattan.

Anyway, the following are the totals of the pre-war exports of the then German colonies :—

Former German S.W. Africa (1913) ..	£1,422,844
„ German Cameroons (1912) ..	£1,102,802
„ German Togoland (1913) ..	£ 456,850
„ German East Africa (1912) ..	£1,495,515
„ German Pacific possessions ..	‡£1,000,000
	£5,478,011

The very insignificance of these figures raises the question why, at least, the African territories concerned should not be handed back to the tearful Germans. Is not the first answer to this question—the German nation, as represented by pre-war and post-war German governments, is a natural trouble-maker\* for which reason it would be of doubtful wisdom to readmit Germans in a sovereign capacity to the African continent. But this reason does not stand alone. The late General Botha, whose words have been quoted in these pages, gave two further reasons which recent occurrences in Germany itself have shown to be as true to-day as they were when spoken.† Condensed, they amount to this—the Germans do not know how to govern subject-peoples ! The manner in which in South-West Africa they

\* This is not written in hostility, but merely with a full appreciation of the facts of history verifiable by whosoever will.

† cf. p. 12.

‡ Estimated.

almost exterminated the Hereros,\* a simple pastoral people, was almost worthy of a Pizarro or an Alva.† The former German domains in South-West Africa could never have been so essentially needful to Germany, that a native race had to be exterminated. South-West Africa has potentialities, especially in the field of mineral production, admittedly ; but the Germans never did more than scratch the surface.

But there is one good reason, apart from the foregoing, why the former German territories should not be handed back to their ex-owners. Germany had to part with them, because Germany lost the War !

Mr. Lloyd-George, in the course of a statement made to the Imperial War Cabinet on March 20th, 1917‡ said :

“The extent to which we can establish permanently our dominion in the (former German) colonies must depend very largely upon the measure of success we achieve in the war”.

We achieved a sufficient measure of success to

\* The *Colonial Office List*, 1936 edition, official publication of the Colonial Office in London, says under this head : “The Hereros are a pastoral people who formerly owned enormous herds of cattle. The Germans in dealing with these people pursued a policy of oppression, with the result that in 1904 they rebelled and 75 per cent. of them were destroyed”.

† Dernberg, the German Colonial Secretary, told the Reichstag Budget Committee on the Colonies on February 18, 1908, “It makes a very unfavourable impression on one in German East Africa to see so many white men go about with negro whips. I even found one on the table of the principal pay office of Dar-es-Salaam. . . . Labourers are obtained under circumstances which cannot be distinguished from slave hunts. . . . It has even happened that settlers have seated themselves at the wells with revolvers, and have prevented the natives from watering their cattle in order to compel them to leave the latter behind”. Out of their own mouths !

‡ *War Memoirs*, D. Lloyd George.



take the German colonies of the day from the Germans and to obtain *formal* cession to the Allies of these territories in the subsequent Peace Treaty. Be it noted that references to the former German colonies in the Treaty of Versailles were only *ex post facto* confirmation of an existing state of affairs—not “reparations” clauses inserted *ad captandum vulgus*.

Bearing in mind the German claim in 1917, quoted at the head of this chapter (when German arms were in the ascendancy and the Allies were in poor plight) for cession of part of the French and British colonial empires, there can be no reason for handing back to their former owners territories which they formally renounced when they signed the Peace Treaty. Especially is this so in the present state of world-affairs.

For all this, the Germans are not barred from any British colony or, for that matter, from any other country. There are Brazilian-Germans, Chilian-Germans, Argentinian-Germans, Milwaukee-Germans. Indeed, like men of every nation in the nineteenth century—and this applies to all Europe, Greek and Russian, Swede, Lett and Pole; to people of every nation from the Baltic to the Adriatic and the Aegean—Germans have, during the past century, left their fatherland to seek their fortunes overseas. They may, subject to the restrictions of the times, still do so.

There is no untoward discrimination against Germans entering any British colonies. Great Britain keeps open house, but, like all householders,

guests are expected to comport themselves as such. But guests they remain ; there can be no question of the householder being dispossessed.

Happily, bearing in mind the German clamour for colonies, there is little possibility of our being faced at the moment with that which M. Albert Sarraut, latterly Prime Minister of France, declared in reference to the dispatch of German troops to the demilitarized Rhineland as being “ *un fait accompli dans une forme brutale* ”.\*

But after the Rhineland, “ colonies ” are on the list of German “ wrongs ” which must be “ righted ” !

\* The *Times* correspondent in Berlin, in a dispatch to his paper, wrote (March 8, 1936) : “ Another point which should be borne in mind by British public opinion is that, although the reference to ‘ the colonial problem ’ was only a casual one in this speech (N.B.—in Herr Hitler’s speech to the Reichstag on March 7, 1936)—the greatest care being taken not to challenge Great Britain—the claim for colonies is being steadily worked up in Germany, and if the propaganda goes on unchecked for a few more years the demand for oversea territory will have become a ‘ national interest ’ and a ‘ right ’, and then Germany may be expected to take whatever she is strong enough to obtain ”.

## CHAPTER IV

### HOW FRANCE STANDS

FRANCE, unlike Germany, is a nation which has a long and honourable colonial record as a background. Canada, India, the West Indies, the Southern States of the U.S.A.—in each France made history. It is almost unnecessary to point to the French-speaking population of Quebec ; or to Louisiana, or to the few remaining French settlements in India as evidence of past French glories.

When, therefore, comparing France's ownership of considerable colonial possessions with Germany's poverty in this respect, the fact must be borne in mind that the one nation was among the pioneers, while Germany has only evinced a latter-day interest in overseas possessions.

Too often the present-day world would seem to wish to lift the twentieth century out of history, as if the past had no part in the present. The past is not dead. The life of a nation consists of a succession of happenings, each attached to its predecessor. Without the sixteenth and seventeenth centuries there could be no to-day. Without the colonial enterprise which first took serious shape during that period the whole political appearance of the world to-day might offer a very different picture from what it does.

So, too, with France's position as a colonial power. Germany's seventy years in the colonial field—and a most irritating association it proved to other nations—was insignificant in comparison with France's three centuries or more of solid achievement. To say that Germany has a population of 66,000,000 and France but 42,000,000 and that, therefore, the greater (in numbers) German nation is at a disadvantage because of French ownership of colonies is, in the light of history, manifestly indefensible.

Yet, it calls for admission, the greater part of France's present colonial possessions passed to her in the course of the last century. Notwithstanding a colonial background, France's earlier colonial possessions have long since been alienated from her ; but she has compensated herself in other colonial fields, as the present list of French overseas territory will show.

There is much that is psychological—as apart from the political—in Franco-German rivalry. Since, there can be no denying, Germany's main envy is not that Great Britain has colonies, but that the hereditary enemy, France, has that which she herself has not. French civilization, at its highest, glitters brilliantly. The solid Germans may have laid the stones of their particular *Kultur* with exceeding care, yet a sombre monolith it remains, crude and unpolished.

The modern French interest in colonial development received its impetus by the opening of the Suez Canal in 1869. The same event quickened Great

Britain's interest in African colonial possessions. Hardly had the canal been cut than the Franco-German war of 1870 burst upon the world. France, defeated, paid over an indemnity of £200,000,000 in gold to the victorious nation within a twelvemonth. Whereupon French overseas efforts became intensified for the rehabilitation of the Empire, turned republic, which had had to part with territory and wealth to the engulfing Germans. And the Germans, not wishing to be outshone by their Southern neighbours who had so recently been made to bite the dust, of a sudden realizing that they might be missing something, likewise developed a colonial complex of a particularly aggressive nature.

The opening of the Suez Canal gave the Powers a fresh interest in Africa. East Africa was brought into closer contact with Europe. The Far East was brought a month closer. There was something like a mild scramble for African territory, with Great Britain and France in the van; and Germany thrusting herself into a picture where she had no right to be. The two first-named nations had legitimate claims; Germany had none. Great Britain, naturally, needed to guard the route to India, whether by way of the Cape or via Suez. France needed control of the African littoral facing her own Mediterranean coast; and could not permit the establishment of any conceivable hostile bases within reach which might cause her anxiety similar to that which she has known on her Northern frontier. The necessity of maintaining a powerful position in

the Mediterranean was self-evident to the Quai d'Orsay ; and the one secure way of ensuring this was the possession of the territories dominating her coast in Northern Africa.

Algeria had been a French zone of interest since 1830. Tunis became a French protectorate in 1881, half a century later, but from this date onward France extended her African interests, until immediately prior to the outbreak of the great War her position in Morocco was acknowledged by the other powers in the, then, European concert. The while Great Britain, with an eye to the protection of her essential interests, established herself in other parts of the African continent so that no other power might be able to threaten interference with the main ocean highways of the British Empire. The prescience of Disraeli in 1875 enabled the British Government to secure 44 per cent. of the total share capital of the Suez Canal Company ; and thereby prevented undue influence in the Canal area passing into the hands of any other ambitious power. From the day of its opening the tonnage of British vessels which have passed through the canal has constantly been greater than that of all other nations combined.\*

The rivalries of the nineteenth century have passed into history. It is accepted as reasonable by Englishmen and Frenchmen to-day that Great Britain should limit her interests in North Africa to Egypt

\* 17,001,709 net tons of British merchant shipping passed through the canal in 1934, representing 3,013 vessels. The figures for all other countries were 2,546 vessels representing a net tonnage of 14,419,796 tons.

and the Sudan, while France is paramount in Algeria, Tunis and the French Moroccan zone.

These immense French possessions cause rancour across the Rhine. Had Germany been victorious in the late war there is little doubt that France would have been deprived of these territories, certainly in part—even as Great Britain would have had to sign over many of her valuable possessions overseas. The German feeling in respect of France owning colonies is as much a military problem as a question of economics.\* A reference to the populations of the two countries shows that France is singularly lacking in man-power compared with her Northern neighbour. France has seen fit to make good this deficiency by drawing on her colonies whenever necessary, to the distaste of a Germany which has seen French coloured troops quartered in one-time occupied Germany since the War.

In Great Britain, where continental rivalries are but remotely understood, it is inadequately realized how continental nations, so long as frontiers exist, will continue to weigh up one another's powers and prowess in terms of bayonet-power. In Algeria alone—to all intents and purposes an integral part of France—there is a native population of almost 6,000,000 ; in Tunis 2,000,000 ; in French Equatorial Africa 3,000,000 and in French West Africa

\* The German delegate to the League of Nations Council held in London on March 19, 1936, explaining the German attitude in relation to the infringement of the Treaties of Versailles and Locarno, referred to the Franco-Soviet pact, and stated that . . . " this alliance represents the combination of two states which control over 275,000,000 people—if one includes the colonial territories, which could be called upon for military assistance "

15,000,000. French possessions in China and East Africa, as well as those in the Antilles, have been left out of the account.

In this way, by the acquisition of colonial territory, France has balanced the disparity between the manpower of the two nations. On a peace-time footing she has, it may be estimated, at least a quarter of a million coloured men under arms.

The ownership of such colonies by France is a "King Charles's head" to a Germany which has alienated the friendship of so many of the Powers, and as a result, is forever—as Mr. Pigg is reputed to have said in the immortal Jorrocks—"smelling cheese"! Germany fears encirclement, Germany fears attack, Germany fears aggression! The hand of the whole world is directed against a harmless Germany! Germany has a fear complex. At least, that is the expressed German view, which does not accord necessarily with all the facts.

Whenever Germany utters the words "colonies" and "France" in the same breath, Germany is not necessarily thinking of potential Naboth's vineyards. Germany's thoughts are of hostile hosts and a serried array of well-disciplined coloured troops at the disposal of France, but regrettably not at the call of Germany.

We have said that there is much that is psychological in Franco-German rivalry. The views of the two nations in respect of colonial expansion also differ geographically. Indeed, the very different geographical situations of the two countries has much



to do with this. France is essentially a Mediterranean power; and the Mediterranean has, throughout history, seen constant movements of population and the acceptance of sovereignty by lesser civilizations, of greater and more powerful nations. The nations bordering on the Mediterranean have ever had wider contacts with the outer—and in particular—the African and Eastern worlds than have the nations which border on the Baltic.

Geographical situation, in relation to the possession of and desire for colonies, cannot be dismissed as being of secondary importance. The African continent is at least two-thousand miles removed from Berlin even as the crow flies; it is a few hours' journey from the great French port Marseilles.

In contrast with the Germans, the French have thrown up a long line of great colonial adventurers, pioneers and administrators. The setback to French overseas development effected by the Napoleonic wars did not prevent France from recovering her position as a colonial power less than seventy years later. The adventurers, pioneers and administrators of an earlier day were reproduced in the resurgent France of the last quarter of the nineteenth century. France still has her Sarrauts and her Lyauteys. France will ever be a successful colonizing nation.

Although temperamental, the Frenchman is patient and painstaking to a degree. He can conceive ideas and think on the scale magnificent, notwithstanding the caricature Frenchman of writing and speech who is mean and petty. He can certainly succeed

in accomplishing two things which are foreign to the German—he can “get inside” the native mind, and then he can impress a varnish of French culture on that native.

The German will never succeed in doing either. Individually the Germans have many excellent traits, but their isolated position in Northern Europe, with a long history of semi-remoteness from the busy traffic of the outer-world has accustomed them to think in narrow grooves. They have been more used to contacts with Slavs and Scandinavians, than with Moors and Negroes, Africans and orientals of every description such as have lived in the lands abutting on to the Mediterranean or who have drifted into those lands since time immemorial. Hence, the German will never be able to govern subject native races as do men of other nations. The French have proved themselves to be singularly well-equipped in this respect.

\*            \*            \*            \*            \*

What of the economic worth of the French dependencies to the republic? France has certainly derived considerable material benefits from her overseas possessions, with which she has a system of free trade to the exclusion of foreigners. The total value of exports from French dependencies, including Algeria, but excluding Syria and Lebanon, amounts to approximately £100,000,000 each year—about one-fourth of the total of French imports into the homeland. Imports into the same French dependencies of recent years have totalled a like figure.

Assuming that, for the greater part, these imports have been of French origin, they represent almost one-half of the total of French exports of recent years. That the French colonies have contributed to the relative degree of prosperity which the republic has been able to maintain during *la crise* is manifest.

Actually, none can doubt it, without her colonies France must have passed through a period not appreciably less critical than that of other European nations which, in colloquial language, have been obliged to live on their own fat.

French India, French Indo-China, Cambodia, Tonkin, Tunis, French West and Equatorial Africa, Madagascar, the French West Indies, French possessions in the South Pacific and, not least, Algeria and Syria, have all contributed to France's recent ability to winter in relative comfort.

No insignificant colonial empire this, the second greatest in the world. Can France be visualized as being prepared to part with the smallest South Sea island to a Germany but recently vanquished in war? Should France be asked to give up even the most infinitesimal portion of that which she by her labour and patience has built up to such respectable dimensions? The answer is patent to all who wish to see a prosperous France alongside a prosperous Britain.

## CHAPTER V

### THE POSITION OF THE NETHERLANDS

THE Netherlands occupy a lonely position in the modern world. In a measure neglected by other Governments, nevertheless the small Dutch nation is the third colonial power, and envious eyes are directed towards the wealthy and partly undeveloped islands where the Dutch tricolour flies in the Malay archipelago.

For three centuries, the Netherlands East Indies have reposed in Dutch possession, with the break due to the Napoleonic wars. Since 1824 the Dutch possessions have been barely so much as mentioned at successive peace conferences. Their ownership has been taken for granted by the Dutch people, perhaps too much so. The Dutch, a pacific nation, are at last beginning to recognize that they have been depending overmuch on the strength of the advantage of being the man in possession. The mercantile Dutch, out of the profits of the trade which they have built up with their Eastern possessions, have established what is generally agreed to be the finest colonial system in the world. So much is this so, that no Dutchman can contemplate, even as a remote possibility, Java or any of the other Netherlands islands in Eastern seas passing into other hands.

So long have the Dutch people lived in peace, knowing not of the gamble of war, that the very thought of having to part with any of their colonies under pressure, until recently, has been looked upon as but a silly suggestion. Their colonies are bound to them, think they, in holy wedlock ; and those whom God hath joined let no man put asunder. During the whole of the nineteenth century none interfered with them : the Great War left them unscathed, save for the sideblows which awaited all neutrals. Theirs was the policy of the open door. All who wished might trade freely with Java, Sumatra, Borneo. Foreign ships could enter Netherlands East Indian ports on equal terms with those flying the Dutch flag (with the exception of coastal traffic). Indeed, one of the principal steamship lines plying between Europe and the Netherlands East Indies is to this very day British—the Holt line. Foreigners could, by acquiring domicile, acquire land ; they were not subjected to penalizing taxation ; they were welcome guests ; they, their capital, their goods, their advice, were accepted gladly. There was no discrimination. British, German, French, American enterprise and goods all were equally acceptable. And very little has happened to alter the position. Ancient laws which bore hardly on the native population were by degrees abolished and, indeed, an extremely liberal policy has been pursued for many decades.

The happy combination of fruitful soil and, in Java at least, a teeming population has made for the

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Dutch holding one of the finest colonial territories the world has to show. Where else may we find any tropical colony which is at one and the same time one of the world's *foremost* producers of cane-sugar, tea, coffee, rubber, tobacco, rice, petroleum, palm-oil and a host of indispensable drugs and spices? For that is the position of the Netherlands East Indies. Truly a delectable morsel after which any greater nation which tardily has developed a "colonial" mind might hanker.

The threat to the Netherlands possessions is real. Slowly, ever so slowly, the Dutch are awakening to its existence. It is a dual threat and is pointed at them from both East and West. Japan with its teeming population sees islands in the Indian Ocean, the possessions of a small and almost defenceless nation, some of which have been but meagrely developed for want of adequate resources—for such is indeed the case in respect of, to take one instance alone, the great island of Borneo—where literally millions of Japanese workers could be settled to plant up cotton and rice and Japan's other tropical requirements. As a blind man may sense that he is approaching a lamppost, the Dutch have long sensed, vaguely, the danger, but they have felt secure in their impregnable neutrality—the impregnability of a gentle maiden who none would harm—and even to-day they pin their faith, solely almost, to the League of Nations.

This is no place in which to deal with the powers of the League of Nations, but it must be abundantly

clear to even the most pacifically-inclined Dutchmen that were Japan to dispatch an expeditionary force to Borneo neither "economic sanctions", nor a few Dutch submarines and old cruisers could prevent the aggressor from hauling down the Dutch flag and hoisting the "Rising Sun".

In a speech delivered by the Chairman of the United States Foreign Relations Committee, Senator Key Pittman, on February 10th, 1936, it was revealed that the Japanese threat to the whole of the Malayan islands (which include the Philippines) is not a mere idle figment of the imagination. Senator Pittman quoted Vice-Admiral Sankichi Takahashi, Commander of the Japanese fleet, as saying :

" . . . unless America renounces her naval policy aimed at expansion and protection of her foreign trade, Japan will be forced to extend her fleet's cruising radius to New Guinea, Celebes Island, and Borneo. . . . " \*

while a few days earlier Mr. Hirota, then Japanese Foreign Minister, is reported by the *Times* to have said, " To a modern nation such as our own, with a vast population but meagre natural resources, the assurance of a source of raw materials and of a market for finished products is a condition of prime necessity to its economic existence ". †

Java with a population of sixty millions could

\* The *Times*, February 11, 1936.

† *ibid.*, January 22, 1936.

supply the one, the market for finished products ; Java with its almost inexhaustible output of colonial raw materials also could supply Japan's other need. And New Guinea, Celebes Island and Borneo could serve as an extremely satisfactory dumping ground for Japan's "surplus" population—or at least for a very considerable number thereof, even after allowances are made for the fact that tropical territories are not colonized with the easy facility that some nations seem to imagine. But then the Japanese are not Europeans, and the Mongolian peoples have a certain tenacity peculiar to themselves and an ability to adapt themselves to conditions in which Europeans would soon languish.

The Japanese, too, must be aware that were they to carry their implied threats into effect, apart from the little real effective resistance that could be shown by the Dutch (their local armed forces are truly insignificant) they would have but little to fear from a possible hostile indigenous population. The easy-going native peoples of the Netherlands East Indies are as disinclined to show fight as are their Dutch rulers.

Perhaps direct conquest is not the Japanese aim, although a lively possibility it remains. A policy of insinuation may serve Tokio better. In many ways this policy has been pursued for many years, as the trade returns of the Dutch colonies show ; and as our Lancashire cotton piece-goods exporters know well to their cost. In countries where cottons and not woollens are in common demand by the



population the trade in cotton textiles is of no insignificant value. This, in the Netherlands East Indies, has passed largely from British to Japanese hands, due in the main, of course, to competitive prices which, in turn, are possible owing to Japanese sweated labour conditions. But the moment may come when Holland may wish to conclude a commercial treaty with Great Britain; and it will, no doubt, be a British demand that we should regain a considerable portion of our former trade in Lancashire cottons. What then? What of "most favoured nation" clauses and the rest? Will The Hague be mildly blackmailed by Japan, for fear of worse to come, and refuse a not unfair British demand? Since, it must not be forgotten that, firstly, the City of London has financed Java agriculture to an extraordinary extent and, secondly, that Holland herself is quite unable to supply her colonies with their requirements of manufactured goods. Holland possesses no iron or steel and but few textile works; and although industry is as well organized in Holland as in any other country in the world, the lack of availability of the more important raw materials within Holland's own frontiers prevents that small country from supplying her colonies with all but a small proportion of their major requirements. Hence, Holland hitherto has welcomed the foreigner.

Holland's pacific affability towards the entire world has been forced upon her by limitations of man-power and finance, but the danger period is in closer prospect than she perhaps fully under-

stands and a pacific affability will not serve her much longer. It may well be that the powerful British naval base which has been created at Singapore—and happens to be literally within gunshot of some of the Dutch islands—has given the Dutch people a certain feeling of security of recent years, that Holland has developed what may be expressed as being a “younger brother” complex, relying on Great Britain’s concern for her own considerable commercial interests in the East Indies. There would be, presumably, many flutterings in the dovecots of Whitehall were these interests likely to be menaced by the establishment of the Japanese where now the Dutch rule.

Holland’s attachment to the League of Nations may also, in the light of the foregoing, be rightly understood.

But there is another ogre which casts an envious eye at the Dutch colonies, though this *menschenfresser* is of an entirely different build and colour.

It is a remarkable fact that whereas Belgium has had the good sense to attach herself either by Treaty, or dynastic and more popular unwritten bonds of friendship to neighbouring and greater nations, Holland, with a strange yet sturdy independence, has drifted for so long on the stormy sea of international relationships unconvoyed by any of the major powers. The Belgians may look to London or Paris for consultation and support, but the Dutch, with an almost unique provincialism, are thrown back on their own resources which, emphatically, are but

those of diplomacy and small diplomacy at that. In international relationships, as in every form of human endeavour, teamwork counts. But the Dutch—even though lacking the wherewithal with which to back up argument—have ploughed a lonely diplomatic furrow and, if the mixed metaphor may be forgiven, stand marooned among the nations. They are on nodding terms with all their neighbours, but the embraces are never markedly cordial.

Which brings us back to the second threat to the colonies of the Netherlands. This, be it observed instantly, embraces a direct threat to the independence of the nation itself, since the "Greater Germany" school of thought embraces the "*Reich*" at some date in the future as including the "Low German" Netherlands. Herr Hitler himself has said so ; and there is undeniably a powerful movement behind the scenes in Germany to extend the German frontiers to the North Sea. Holland—the Netherlands, if you will : the two terms are almost interchangeable—in the view of present-day Germany, is a "village community". "Village communities" must go, say the Germans. Government from a powerful centre is the first article of the Nazi creed ; all the Germanic nations must be brought into one unbreakable iron ring.

In order that the position may be all the more properly appreciated it is necessary to look at the map of Northern Europe. It will be seen from this that in the event of the Sound and the Belt being blocked, the German Baltic ports would be land-locked, and, to a large extent, Northern Germany

would be dependent on the good-will of contiguous countries for sea-borne merchandise. The efflux of the Rhine into the North Sea through Dutch territory has assisted the two great Dutch ports, Rotterdam and Amsterdam, to achieve their present magnitude, since, even now, they are in great measure feeders to Southern Germany. Holland is the front-door to the Rhineland. Essen, Dortmund Düsseldorf, Cologne and Frankfort all lie in the immediate hinterland to Holland.

The volume of Rhine traffic to Germany from the Netherlands has ever been considerable. In the seventeenth century, when the Dutch displaced the Hanseatic League from their trading eminence in Northern Europe, they succeeded in causing themselves to become the distributive centre for the whole of Central Europe by doing actually that which is suggested above, namely, blocking the Sound and the Belt to other than their own ships. This they succeeded in doing by farming the Sound tolls from the Danes.

What wonder then that Germans would gladly see themselves in control of the Dutch coast—a state of affairs which Great Britain could not contemplate with equanimity. If the possession of Antwerp by an enemy is a pistol directed at the heart of England, the Dutch coast in enemy possession would be equivalent to a string of batteries of heavy artillery.

The position is complicated. The question of the Dutch succession is exceedingly delicate. The Dutch themselves, it may be presumed, would declare for a republic in the event of an ultimate heir to the

throne of Dutch birth not being available. But assuming internal difficulties arising out of a succession issue and—incidentally—Belgium laying claim to portions of Dutch territory in the south, in particular Limburg, it is not beyond the bounds of likelihood that Holland might be overrun by a German army. The Dutch forces would be quite unable to resist military pressure and, while the *Reich* might find that it had swallowed a nest of hornets, none the less the Dutch provinces would become incorporated with Germany ; and an independent Holland would be no more. The map of Europe would take on contours approaching those of the day of the Emperor Charles V.

With the Dutch provinces passing to German control, what of the Dutch colonies ?

The foregoing may prove to be but *unintelligent* anticipation, more especially in view of recent royal family events in Holland. Nevertheless, Germany has more than a mild interest in the Dutch East Indian possessions. A nation of sixty-six millions of people cannot calmly—at least, in the present German state of mind—"crook the pregnant hinges of the knee", and meekly acquiesce in the possession by a small neighbouring sister-State but one-tenth their size, of a vast colonial empire, while they no longer possess a square inch of colonial territory. Germany, like Japan, also needs cotton ; and Germany needs coffee and tea, rubber and vegetable oils, and the score of other leading products of the Netherlands East Indian islands besides. And, to-day, Germany has to pay

for these by means of a satisfactory exchange for Dutch guilders—either gold or gold-equivalent—which, in the state of her currency, is an increasingly difficult matter.

\* \* \* \* \*

Holland has been aware for many years that the Japanese espionage system throughout her Eastern colonies (equally practised, *sui generis*, in British possessions) has prepared the ground—perhaps only in a tentative fashion : small additions to knowledge not found in elementary geography books !—as thoroughly as Germany did in Belgium in the years prior to 1914. In any event, the Japanese task in the Netherlands East Indies has been simple. The military secrets which Holland has to guard there are hardly worth the gold lace on the epaulettes of one solitary Dutch colonial army captain's uniform. In a world where might is usurping the rôle of right in ever greater measure, the fact has to be faced that Holland holds her colonies on sufferance—with the good-will of other Powers. The few brigades of untried white troops and native forces which comprise the Dutch colonial army cannot by any stretch of imagination be considered as being much more than a useful gendarmerie.

Might respects might ! To defend adequately the score or so islands in their possession in the Indies, the Dutch would need an army of half a million first-class men ; a navy of not less than a dozen battle-cruisers, supported by ancillary craft in sufficient numbers, and an air-force equal to that of

any first-rate Power. But a defence-force of these dimensions is completely unthinkable for a nation of Holland's size. There is a limit to what any nation can pay by way of insurance premiums. Even a European army of a quarter of a million effectives, to include an adequate air-force, would cost a figure in the neighbourhood of £20,000,000—£25,000,000 each year. Where, in the first place, would Holland find the men and, equally important, how could a colony whose total revenues for 1936 were estimated to yield but 435,828,433 guilders (say £35,000,000 at par) carry a permanent burden of even a minimum figure of £20,000,000 per annum for defence purposes?

Recently the States General at The Hague have agreed to a vote of something in excess of £7,000,000 for the defence of the Home country. This in view of Germany's frontier activity—building strategic roads and establishing powerful garrisons in unhealthy proximity to Holland. Seven million pounds is a stupendous sum to a small country such as Holland. It amounts to almost £1 *per capita*.

It is no light responsibility in these days to possess colonies which have an area of seven to eight times that of the mother-country and a commensurate population—60,000,000 as against Holland's 8,000,000. It is not alone territory and sovereignty that Holland possesses, but she has as well—in Java—the *greatest of all colonial assets, a density of population almost unequalled in any other country in the world*, wheresoever situated. And, be it not forgotten, this dense population of *eight hundred and seventeen to the square mile is a rural*

*population* \* spread over the whole face of the country and not congregated in a few large cities or industrial areas. Mark well, in this connection, however, the reference to density of population is to Java, and does not apply to Borneo, Sumatra or any of the other Dutch islands in Malaysia, where in most cases the population is as sparse as can be, as mentioned earlier in this chapter.† The result of this sparseness of population in Sumatra and Borneo has led to emigration schemes being introduced with a view to transplanting Javanese, but the Javanese are not easily transplantable and, although tens of thousands emigrate from Java on term-contracts as agricultural labourers to work on the rubber and other estates in Sumatra, the percentage of repatriates leaves but a small surplus to swell the census of the sister-colony.

Borneo (and here British North Borneo is referred to as well as the Southern Dutch portion) could support a pioneering hardy additional population of certainly not fewer than ten millions. The Tokio Foreign Office know this as well as do the Dutch Colonial Office at The Hague. New Guinea (again the portion which is administered by the Commonwealth of Australia must also be brought into the

\* It is not generally appreciated that the population of the Dutch Eastern colonies almost equals that of all the British Crown Colonies and Dependencies of whatsoever nature (not including, of course, the Dominions). The total population of the British Crown Colonies, Protectorates, Mandated territories and other dependencies in 1934 was 63,343,000; that of the Netherlands East Indies was 60,954,890.

† The population of 817 per square mile for Java, compares with 490 per square mile for Great Britain, 659 per square mile for Holland, 363 in respect of Germany, 437 Japan, France 196.7 and Belgium 700. As against Java's 817 per square mile, the population of the other islands of the Dutch East Indies does not average more than 27 per square mile.



picture) is virtually *terra incognita* and almost uninhabited.

Which carries us back to our initial statement. The Netherlands occupy a lonely position in the modern world. It seems as if the Dutch look upon the League of Nations as does a good freemason his lodge. If we get into any trouble the other members will help us out ! Which is sound and good logic. But neither Germany nor Japan is a member of the League ; and in a world where many nations have not yet learned to look upon Treaties as almost Holy Writ it is advisable that less powerful members of the League should take their walks in company with some of their more powerful associates.

Unless the Netherlands do, in fact, ally themselves, within the framework of the Covenant of the League of Nations with a greater friendly Power, they may find themselves yet—all the pacific affability in the world notwithstanding—in a position practically identical with that occupied by Belgium during the 1914-1918 period. They may avoid this by protesting, yet acquiescing in extortionate demands for part of their possessions. Since the argument will be advanced—you, Holland, cannot develop your share of Borneo and New Guinea ; you have your hands full with Java, Sumatra, the Celebes and a few other odd islands. Accordingly we ask you to hand over that which is not strictly necessary for your well-being.

The Dutch Foreign Minister has declared stoutly, as has been mentioned in the preface to this book,

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that "Never, never, will Holland cede one square inch of her territory". Again, we applaud the spirit and the words. Holland's whole history and colonial endeavour call for wholehearted admiration ; and the words of the Minister which have been quoted are entirely in the direct succession to those of a thousand other Dutch statesmen.

Yet we are constrained to wonder.

## CHAPTER VI

### THE "LESSER" COLONIAL POWERS

THERE are ancient nations which, in their decline, know but the rags of their former colonial magnificence. There are also the parvenus among the nations which look enviously, asking why the ancients should be left even the shreds of which they seem to be unable to make adequate use.

Men of Spain and her sister-Iberian nation, Portugal, anticipated those of all other nations in uncovering the distant lands of the globe. To-day, the great South American republics, Spanish and Portuguese colonies of an earlier day—notably the A B C nations, the Argentine, Brazil and Chile—are their monuments. They owe no allegiance to Madrid or to Lisbon, yet theirs is the speech of Portugal and Spain—from the Straits of Magellan to the Gulf of Mexico.

Even as has France in Quebec, and to a lesser extent in Louisiana, left a heritage of habits and speech to a population of French descent, so, too, have Spain and Portugal given South and Central America an inescapable Iberian cachet which must remain for all time. So different is all this from the negative achievements of the Teutons, whose tongue

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is spoken nowhere except in the Fatherland and whose German emigrants foregather in countries which owe nothing to German pioneers.

None shall be found to approve of much that passed under the guise of Spanish and Portuguese colonization. From the days of Cortes, Pizarro and Mendoza, cruelties and barbarities, civil strife, pillage and murder were the stepping-stones which led to the establishment of the modern South and Central American States.

In the light of a modern outlook the Spaniards and Portuguese proved themselves to be harsh colonizers. Yet they held their South American estates for three centuries—an exceedingly remarkable fact in history which is not usually realized. The whole globe outside Europe is a living tribute to the pertinacity with which the Spaniards and Portuguese led where others followed.

But the greatest and most majestic of oaks decay.

To-day, Spain and Portugal are looked upon as nations of small account in contemporary world affairs. Spain has lost almost every acre of her former proud colonial possessions ; she has nothing left that would be worth coveting, unless Germany might wish to secure a foothold in that Spanish territory which has been but newly acquired—Spanish Morocco.

Portugal, however, is in a somewhat different category. Portugal, a nation of relatively small European significance, owns more than 800,000 square miles of territory in Africa and controls the

destinies of a native population of almost 9,000,000. The lesser controls the greater, since the population of Portugal itself is only something short of 7,000,000. The disproportion is not as great as in the case of the Netherlands and the Netherlands East Indies. But whereas the people of the Netherlands are credited with the ability to govern native populations and, moreover, have a reputation for extreme probity, energy and efficiency, the same does not apply to the Portuguese. Any land-hungry nation would snatch the Portuguese possessions gladly were Portugal not protected against such a contingency by an ancient alliance with Great Britain.

It cannot escape the notice of these certain other nations that the geographical situation of the Portuguese African possessions, notably Mozambique and Angola, in close proximity to the Union of South Africa, gives them key positions which Great Britain is quite willing shall be held by an ancient ally, but which in no conceivable circumstances can she permit to pass into the possession of a potential foe. Nevertheless, these unnamed other nations do not acquiesce willingly in Portugal having such considerable overseas possessions, while they have none ! These other nations can understand, as we have noted, a highly-civilized people such as the Dutch administering colonies, but when it comes to the Portuguese, of whom only 45 per cent. are literate, then those certain other nations enter a mental protest and are mystified.

## THE "LESSER" COLONIAL POWERS

Even the Italians, observing large slabs of the African continent in the possession of a small fellow-Latin nation, and misled by the courtesies of international diplomacy into believing themselves to constitute a great and powerful world-force, have of a sudden developed a spring fever and have founded an "Empire" in North-East Africa, where they hope to enrich themselves at the expense of the defeated Abyssinians. If Portugal can do it, why not Italy? For no one can deceive himself that Portugal any longer has that *mission civilisatrice* to which we have referred previously. If German gall necessitated the use of the whip on the backs of negroes in former German territory, then Latin pride has something in common with German gall!

It would be a simple matter to poke fun at the very idea of present-day Portuguese and Italians as colonizers, more especially, perhaps, at the Italians who are among the most servile of all Europeans. Still, even when a member of a servile people has a gun in his hands and yells "*Evviva il Duce!*" one never knows that it may not go off. Even an Italian can drop bombs from an aeroplane when he is certain that there are no other aeroplanes in the sky which might force him into combat; and when he knows that his only menace is a few anti-aircraft guns manned by ignorant Ethiopians who barely know which is the breech-end, far less how to take accurate aim.

Italy, a poor country, with a population of 42,000,000, observing wealth flowing into the coffers of other nations which own colonies, and possessed of

an acute awareness that not less than the amazing figure of 10,000,000 of her people live under foreign sovereignty overseas, believes that the dead hand of poverty can be removed by the creation of a new Empire in North-East Africa !

The Germans, with a certain perspicacity native to them, invented the phrase "*Drang nach Westen*" long before the War. It is as true to-day as then. The movement of the human race is from East to West ; and notwithstanding the glorious allure of life in Addis Ababa, Italian nationals may be expected to continue to board ship for whichever country in North or South America will be ready to receive them.

The Italians have mistaken their destiny. They cannot re-kindle a light that was extinguished when Imperial Rome perished. Still they persist ; and a long-drawn cry is heard from the *berceau du monde*, which is Rome, for territory, territory and still more territory.

In 1911—i.e. a quarter of a century ago—Italy provoked the Turkish Empire of the day into a quarrel, so that she might seize a Turkish vilayet, Tripoli. It was deliberate provocation for this especial purpose. Tripolitania was duly annexed by the Italians ; and the Great Powers said " Go ahead, my children ; God bless you ! "

In all, however, fewer than 50,000 Italians have been settled in the 17,000 square miles of Tripolitanian territory which are suited for agriculture—an area as great as Tuscany and Lombardy combined, which support a population of 8,000,000. There are almost twice as many—90,000—Italians

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in neighbouring French Tunisia as there are in Italy's own Tripolitania ! There are 46,000 of them in the city of Tunis alone !

There can be little of superlative economic value to Italy of a territory such as Tripolitania which has a total annual trade (imports and exports combined) of not more than £4,000,000. Can the acquisition of Abyssinia, with whom a quarrel was provoked on lines which followed those adopted towards Turkey in 1911, yield much more ?

Will the highlands of Abyssinia tempt the impoverished Italian peasant and towns dweller any more than do the fertile areas of Tripolitania ? Or will Italians continue to take ship at Genoa, Naples and Trieste for the distant Argentine and Brazil, where, far from their native soil, they have helped in the past to build up the new nations ?

Italy is not one of those nations which has tried to play the "raw materials" confidence trick in order to secure territory overseas. Italy has declared that she needs territory, just territory with all that goes with it—a few trifles of produce, military glory, bloodshed and an empire of mudhuts. Italy knows but too well that the commodities she requires most are coal, iron and steel, petroleum products and rubber, as well as a host of manufactured articles, including machinery of every description, which she cannot produce herself. But, although knowing this, Italy is playing a gigantic game of pretence by believing that she can become a great industrial nation. Lacking both essential raw materials and administrative



capacity, the leaders of the Italian people must know that industrial development on such a scale that the country will ever be able to support the constantly growing population, is totally impossible. Hence Italy looks overseas for territory on which to settle her people. Yet the Italian people in question drift to every country of the world excepting colonies founded by their own rulers.

The drift of populations is a natural movement which, in the end, neither king, emperor, dictator nor democratic edict can either control or restrain. Intuitively almost, white men realize that tropical Africa is not for them. It has ever been so. With Africa on their doorstep, nevertheless the Spaniards and Portuguese of the fifteenth, sixteenth and seventeenth centuries established their true colonies in South America, three thousand miles distant. Their instinct proved to be correct.

\*            \*            \*            \*            \*

The early pioneers when they dreamed of settlements looked West. The establishment of white settlements in South Africa was an accident, as a result of the Dutch East India Company needing a victualling and watering station for their ships, as has already been mentioned in these pages. This was followed by a measure of deliberate Dutch colonization at the Cape; and with the discovery of gold and diamonds the future of the territory stretching North from the Cape to the fringe of tropical Africa was assured. In tropical Africa the principal

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form of wealth for which the nations scrambled was the unholy slave traffic. The cessation of the traffic in negroes caused an almost total neglect of the so-called dark continent.

With the reawakening of interest in the continent following the cutting of the Suez Canal, Leopold II of Belgium ("that cunning old dog", as he was called by Paléologue, the French diplomatist) seized a large stretch of territory for himself—the present Belgian Congo, formerly the Congo Free State. Leopold caused the Congo to be administered in such an atrocious fashion that a British Consul-General, the late Roger Casement, was dispatched by the British Government to the scene in order to report on the fantastic tales which were drifting about, all of which proved to be but too true. As a result the King's interest as omnipotent sovereign of the Congo Free State was ceded by him to his nation in 1907.

Thus even Belgium has a place in the sun which is denied to Germany and Italy.

Belgium has a population of 700 to the square mile, as compared with Italy's 344. And Belgium with this dense population knows full well that any suggestion of "exporting" so-called surplus population to the African tropics is ridiculous nonsense. The entire area of the Congo of 918,000 square miles—approximately one-third of that of the United States—supports less than 12,000 Belgians.

It is clear from a perusal of the trade returns of Portuguese and Belgian colonial possessions that they

possess a considerable value to their owners. They represent a solid and never-failing core of foreign trade, and a source of supply which, were it lacking, might alter these nations' national economy considerably for the worse. Though not in such quantities as to influence world markets, in one way or another these colonial territories are capable of producing most of the principal tropical commodities, including mineral wealth such as gold and diamonds.

Is it surprising, therefore, that the Italies and Germanies of this world are anxious to see territories such as these transferred to their own superior grasp? The Dutch, in the Netherlands East Indies, at least have accomplished a great missionary task. They have developed a great colonial empire, which must excite the respect and admiration even of Germans and Italians who lack colonial territory.

But Belgium and Portugal holding 1,700,000 square miles of territory between them shock Germans and Italians into envious and impatient contemplation. Yet Portugal has held Angola since 1575. The colony is historically as much bound up with the destinies of the mother-country as is any colonial territory anywhere in the entire world. Tropical colonization is a slow process even when indulged in by active Northern nations; to peoples with a *laissez-faire* tendency its momentum is slowed down almost to imperceptibility. "If we but had such territories, what would we not do there"! is the unheard cry which comes from Berlin and Rome.

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In these days when a few of the nations appear to be anxious to revive the evil days of the nineteenth century, when land-snatching was an honourable occupation, these other smaller colony-owning nations—together with the Netherlands—may well thank the Fates which have enabled a protecting League of Nations to function. Else the vultures would be at their vitals.

## CHAPTER VII

### THE JAPANESE MENACE

**I**T is a matter for speculation whether the chancelleries of Europe and America do not smile tolerantly when even a Japanese statesman presumes to tell the world in euphemistic terms that Japan, too, needs colonies. Or, do they immediately think of strengthening naval bases in the Pacific and the Far East?

The Japanese are a presumptuous people. They have been the victors in two wars in which they fought independently, and—with the Allies—they were among the putative victors in the recent "Great" War. They are a military-minded and naval-minded people; and they are possessed of an imitativeness unparalleled in the world's history. They have slipped on the integument of Western civilization, though they have rejected most of the solids. They have not yet learned to create the Japanese equivalent of the *palabra de Ingles*, which has made the word of an Englishman so utterly respected not alone in South America, where the expression originated, but throughout the world. But they would, were they able, create a *Jus Japonicum*

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and a *Pax Japonica* in the Pacific. In truth, so ambitious are the Japanese rulers that there is no telling to what heights they may or may not aspire. It is not a wide shot, perhaps, to suggest that they look upon the whole of the Asiatic continent as being within their sphere of possible influence.

For quite a number of years the Japanese were kept in leading-strings by the Anglo-Japanese alliance. To-day they flourish their independence beneath every man's nose. To such an extent have they done this that both Great Britain and the United States have found it necessary to double-padlock their doors in Far Eastern and Pacific waters respectively.

The rapid industrial and commercial development of the Japanese nation in the course of the past seventy years has generated political pretensions accompanied by the customary "claims" for territory. The Japanese are searching for markets for their constantly increasing industrial output. Their gaze is directed towards the South and West. The Asiatic mainland holds them fascinated as they, realistic people though they are, dream of a Napoleonic empire extending from Vladivostock to Tonking, and even beyond; and stretching as far inland as may prove practicable. The misgoverned Chinese republic offers the Japanese an opportunity which is irresistible. Manchuria, latterly become Manchukuo, Jehol Province, Mongolia, have followed or are in process of following Corea and the Kwantung territory of the Liaotung peninsular. Japan is set

on gaining control of the entire Asiatic coast from the Siberian frontier to Annam in the extreme South.

The purchasing power of the individual Chinese may be deplorably low compared with the highest Western and American standards, yet in the aggregate a sub-continent which has a population of 400,000,000, has potentialities—indeed actual requirements—which, were they controlled in large measure by Japanese, would give the island nation an enviable measure of prosperity. The total of Chinese imports is, for that country's area and density of population, small; yet were the Japanese able to obtain the lion's portion of this by virtue of their having secured political control in China, Japan's prosperity would bound ahead in startling fashion.

Moreover, the unexploited mineral wealth of China is a temptation to Japan which is not to be disregarded lightly.

Even Mr. Hirota, the Japanese statesman already quoted in these pages, who has a liberal and non-aggressive background, has found it necessary to draw attention publicly to what he considers to be Japan's needs.\*

*A posse ad esse*, as recent history has shown, is often but a short step for Japan. And Japan, which needs raw materials (though not necessarily of the "colonial" variety) and markets in which to sell Japanese products, not wholly unnaturally looks, in the first place, to the Asiatic mainland where, as events have

\* p. 7 q.v.

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shown, the Japanese military forces may prepare the ground for the advance of the carpet-baggers with their samples in the rear.

It has not suited the convenience of either the United States or Great Britain—Japan's most formidable competitors in China—to do more than protest mildly at Japan's incursions ; and Japan continues to break off brittle bits of China which she converts to her own uses and wherein she prohibits—in fact if not in form—nationals of other nations from securing even the smallest fragment of trade.

\* \* \* \* \*

Englishmen are often foolish men. Reasoning from a certain starting point themselves and reaching their conclusions by the adoption of standardized and customary assumptions, they imagine that Orientals, whose so-called modern outlook is but a smear on a medieval and feudal past, reason as do they themselves. The Japanese reason, too, but they reason *en masse*. The Japanese intelligence operates after a formic manner. Hence the Japanese, advancing everywhere in their close battalions, are not easily repulsed. For the moment their attention is attracted to the honey-pots of China. But China, with all its undeveloped mineral wealth, is but a nation of millions of poor peasants who scrape a scanty living from the soil, labouring harder possibly than any other people in the world. China is not open territory which can support a few million Japanese immigrants.



Everywhere the Japanese have become, to use an expression common in the middle ages, *mercatori interlopi*. By competition based on sweated labour wages they have forced their goods into every market in the world. They have crept over tariff-walls and surmounted every other fiscal hurdle placed in their path. A people who are still living in the middle-ages, inasmuch as they subsist on a scrap of raw fish and a handful of rice, even as herrings and rye bread were the daily fare of almost the whole of Europe until a century or two ago, can allow themselves to be exploited for small wages. The result of this is that Japanese imports into India to-day are almost half those of Great Britain herself !

Still, excepting from the point of view of those who deplore low standards of labour, wheresoever they may be found, there is little with which to find fault in open competition. If the Japanese effort were limited to the supply of manufactures of their country, none could raise a voice in protest justifiably. The field of commerce is open to all-comers so long as they observe the rules.

But the Japanese effort goes further. The Japanese nation has been admitted to the select society of the "Great" Powers ; the Japanese visualize a destiny which will take them further south than the Caroline Islands, the Marianne Islands, and the Marshall Islands\* ; further south than Formosa, which they won from the Chinese in 1895.

Tokyo has a wide range of vision.

\* Mandated under the Treaty of Versailles.

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Tokyo sees 2,974,581 square miles—the immense continent of Australia—populated by but a skeleton population of 7,000,000—or less than three persons to the square mile. The whole of the vast Northern Territory with an area of over half-a-million square miles, that is to say, half that of Japan, has a total population of only 5,000 ! Queensland, with an even greater area, 670,000 square miles, supports a population of under a million ; while Western Australia with almost a million square miles of territory supports the derisory number of persons of under half-a-million !

Japan, with a dense population of 437 per square mile, is looking not only at the Netherlands East Indies, as already mentioned in these pages, but likewise at the vast unpopulated Australian continent.

Australians are living in a fool's paradise. They are threatened by a menace, with which, sooner or later, unless they take steps to populate fully the three million square miles at their disposition with immigrants of European origin, they will have to grapple.

The "white Australia" policy is commendable, but unless it is carried to its logical conclusion—in the face of Japanese expansionist policy—it is indefensible.

No one can expect any swift developments in the Pacific area. The Japanese are too busily engaged in consolidating their position in China on the Asiatic mainland. They also have to reckon with the possibility of Russian opposition to their expansionist aims in Northern China, which may involve them in hostilities and even setbacks. They could

hardly at present undertake a military campaign against Australia, in view of naval opposition which would meet them more than half-way. The Singapore Naval Base was not brought into being solely for the defence of the ocean routes to India. Nevertheless there are threatening possibilities on the distant horizon which must cause disquiet, even though they cannot yet be described as probabilities.

Much of the Australian continent is, in effect, no more than "common" land. Immigration (especially that of Japanese), is subject to rigid control. Inasmuch as this control concerns Europeans it is a futile and short-sighted policy. Man-power, as has been stated several times in these pages, is the most valuable form of national wealth; and it is this particular form of national wealth that the Commonwealth of Australia lacks most. The Government of the Australian Commonwealth is all too sure of the maintenance of the *status quo*.

The people of the Philippines may change their allegiance within a decade. With that wild generosity which characterizes nations such as the United States (being so self-contained, they have nothing to lose by parting with colonies), the Americans have passed an enactment as a result of which in 1945 the Philippines may be entirely free from United States control as we have suggested in our earlier pages. Japan is looking on interestedly.

Of all the Far Eastern nations, the most virile, in a military sense, is the Japanese. The Christianized

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Filipinos could not withstand a Japanese onslaught. The Philippines would prove a useful jumping-off \* ground for such of the Netherlands Indies islands as Japan might wish to acquire, after which would come the turn of Australia.

The Australians appear to imagine that New Guinea, the former German portion of which they administer under mandate, forms a strategic barrier against possible Japanese aggression.\* Assuming the extremely unlikely, that Japan were to have a free field in endeavouring to annex the Philippines, parts of the Netherlands East Indies and the unpopulated areas of Northern Australia, New Guinea—a mere mass of tropical territory—could not compensate for the lack of man-power in which Australia is so singularly deficient.

The Japanese look at the world as their oyster. The China coast is their immediate objective, but none knows what manner of other imperialistic gestation may be in process in the Tokyo Foreign Office, War Office and Admiralty.

There is no welcome for Japanese immigrants in white men's countries; that the Japanese authorities know too well.† They have been barred by legislation from settling in greater numbers than are already established, on the American Pacific Coast ;

\* Sir George Pearce, Australian Minister for External Affairs, in the Australian Senate, declared on March 13, 1936, that " New Guinea's geographical position, its natural harbours and facilities for naval and military aircraft, were of considerable value to Australia from the point of view of defence, so long as the existing control and administration continued ".

Japanese immigration into New Guinea has, since the government has passed to Australia, been virtually at a standstill.

† Japanese immigration into Canada is limited to 150 a year.

Australia refuses them admission. They wish to be ubiquitous ; but their simple needs in respect of raiment, food and lodging, make them undesirable immigrants in white men's countries, where—were they admitted—they soon might reproduce the sweated-labour conditions of their homeland to the white man's detriment.

And still they see this vast tract of "common" land, where any should be able to pitch his tent, in the South Pacific ; and a mere six to seven million Australians trying to look as if they are filling a continent ! The time will come when this dormant issue will become active. At the present moment little is heard of it. Even the Japanese cannot tackle several major tasks, with their concomitant risks, at the same time ; and Tokyo has enough on hand on the Asiatic mainland.

It is shortsighted to shut up nine-tenths of a house for which one has no use, while others are hunting about for accommodation for their growing families. Two million square miles of Australia, which contain all the potentialities of the United States—from tropical lands to a temperate climate—are almost derelict. The white peoples of the earth need space in which to stretch their limbs. The Australians should throw open wide their doors to whites of every description. That way salvation lies. If they fail to do this the immutable laws of nature will operate ; and there will be Japanese where otherwise whites might have been.

Australia is the black spot in the development of

the British Empire. Australia has pursued a parish-pump policy and Australian statesmen have not yet shown themselves capable of that breadth of vision which is called for, so that they may properly develop their truly remarkable inheritance. The non colony-owning nations are shrieking for land where they may settle their so-called "surplus" population. The continent of Australia is, perhaps, the most pronounced example of a vast area which has been but slightly developed and to which immigrants should be given access. If the Commonwealth is to remain a British Dominion the transfer of Great Britain's own "surplus" population is a prime consideration, for the benefit—each in a separate, yet interlocking, manner—both of Great Britain and of the Commonwealth. Emigration *en masse*—parson, pulpit and all—the erection of new townships in the Commonwealth could double and treble the population of Australia within a score of years.

In any event, it is a small consolation to think that a natural increase by births should see the Australian population reach a figure substantially in excess of its present number by the middle of the century. Such a population might give a good account of itself in the face of aggression from whatever quarter this might come, but still one has to ask, what could even eight million Australians do in the face of ninety million Japanese? For this is the figure which the population of Japan proper will reach in the course of the next quarter of a century. The population of Japan is increasing at the

formidable rate of almost one million each year ; by way of contrast that of Australia is only increasing at the rate of some fifty thousand ! The figures by themselves supply the argument.

Unless Australia\* fills up its vacant spaces with immigrants of good quality, Australian statesmanship may be held to be *in articulo mortis* ; and he need not be a prophet who dares aver that within a period of the lifetime of many of us those portions of the Australian Continent situated North of Latitude 25° may pass into the hands of other nations *faute de mieux*.

The Washington Treaty of 1922 guaranteed the inviolability of the possessions and other territories of the British Empire, the United States, France, Japan, the Netherlands and Portugal which are situated in the Pacific. The Washington Treaty endeavoured to strike a balance in respect of the maximum replacement tonnage of capital ships permitted to each nation. Great Britain and the United States were allotted a maximum tonnage in this category of 525,000 each, France and Italy 175,000 tons each ; and Japan 315,000 tons. Japan, claiming liberty to build as high as a ceiling of her own choice, refused at the 1936 Conference to join in the conclusion of a further treaty of a similar nature unless she was given parity with Great Britain and the United States which, having been refused, caused Japan to withdraw from the Conference.

Considering the disposition of British naval forces in European waters, it may well be asked why Japan should need a fleet as powerful as that of Great

\*. New Zealand falls into the argument.

## THE JAPANESE MENACE

Britain? It is undeniable that the United States naval forces in the Pacific are of considerable strength; yet the United States have nothing to gain by provoking Japan into war.\* Unless Great Britain were to leave her own coasts and, indeed, the whole of the Empire other than those territories which lie in Eastern waters, defenceless, only a limited number of British ships could ever be sent to the Far East. Australia has a small navy, which can only be considered as auxiliary to the British navy.

Why, then, this Japanese determination to build a fleet as powerful as any in the world? Is it, like the German claim for colonies, "a question of honour"? Or is it a reinforcement of the argument of Mr. Hirota that Japan needs markets and an opportunity of introducing "her arts and culture to other lands".†

There is little that is euphemistic in Mr. Hirota's further statement that only *an assurance* that Japan be given sources of raw materials, markets for finished products ("a prime necessity" to Japan's economic existence) and an opportunity of introducing her arts and culture to other lands "*can render possible the maintenance of political stability among the nations*".

Treaties are often meaningless. With the exception of a bare handful among the nations, there is not a Foreign Minister anywhere who would not violate any treaty if it suited his purpose. Never in the world's history has any treaty been drafted which has been able to prevent any wilful nation from evading its

\* cf. Vice-Admiral Takahashi's statement quoted on p. 60

† The Times, January 22, 1936.



provisions. Many in Great Britain are in this respect in part at least like the Bourbons, inasmuch as they never learn from experience.

The Japanese menace is very real. It extends over the whole Pacific. Seventy millions of Japanese are looking beyond their own swarming anthill. To them, but lately entered the comity of nations, the world is young and filled with adventure. The golden ball is at their feet ! Will they be disappointed ?

PART TWO

COMMODITIES



## CHAPTER VIII

### THE "HATPEG" ARGUMENT—COLONIAL RAW MATERIALS

THE student of history will recall how the markets for colonial raw materials became transferred in the course of the seventeenth century—almost in the ordinary course of the rise and fall of nations, so it may seem—from Venice to Lisbon, thence to Amsterdam and, finally, to London. The reasons are easily ascertained. Prior to the circumnavigation of the globe and the discovery of the route to India and farther East by way of the Cape of Good Hope, tropical and Eastern produce was conveyed from the Persian Gulf to the Mediterranean coast by caravan, thence shipped to Venice—at the time the principal financial and trading centre in the Mediterranean. Once, however, the Portuguese had established themselves on the West Coast of Africa, in Ceylon and the East Indies, their ships naturally made Lisbon their home port, while Venice sank into a torpor.

The rise of the Dutch republic created a reorientation of circumstances. Dynastic changes in Europe and the seizure by the Dutch of the Portuguese settlements in Africa, Asia and even Brazil brought

about this reorientation. The Dutch home port was Amsterdam. For a moment the Dutch were almost in complete command of the mercantile destinies of the world. Dutch venture companies sought to seize the entire trade in colonial produce. The Spice Islands were the scenes of fierce rivalry and bloody conflict between firstly, Dutch and Portuguese, and later, Dutch and English.

England was not prepared to stand by for long and see the Dutch skim the cream of the world's foreign trade.\* During the whole of the period when the Dutch were building up a powerful monopoly of trade in the leading commodities of the world then in demand Englishmen were hard on their heels.

*But the Germans remained at home.* Indeed, Dutchmen captained ships of Hanse Town merchants and took for themselves the trade of the Hanse Towns of an earlier generation. The French were mildly active to the rear.

Came the first Dutch War, following the famous Navigation Act†—urged upon the Commonwealth

\* John Keymor, early seventeenth-century tract-writer, stated: "The Dutch have in their hands the greater part of the carrying trade of France, Portugal, Spain, Italy, Turkey, the East Indies, and the West Indies. Yet London is a much more convenient port for a storehouse and the carrying trade if our merchants would but bend their course to it".

† The Navigation Act of 1651 laid down that from the first day of December, 1651, "no Goods or Commodities whatsoever, of the Growth, Production or Manufacture of Asia, Africa or America . . . shall be imported or brought into this Commonwealth of England, or into Ireland, or any other Lands, Islands, Plantations or Territories to this Commonwealth belonging . . . in any other Ship . . . but onely in such as do truly and without fraud belong onely to the People of this Commonwealth, or the Plantations thereof, as the Proprietors or right owners thereof; and whereof the Master and Mariners are also for the most part of them, of the People of this Commonwealth".

## THE "HATPEG" ARGUMENT

Government by the City merchants—which forbade Dutch vessels from trading with the English plantations in the Americas and from carrying other than goods of their own production to British ports.

The defeat of the Dutch in the first Dutch War was the prelude to the break-up of their commercial supremacy. Henceforward, London was to rise to a position of ascendancy. The Portuguese regained for a while many of their overseas possessions, of which the Dutch were now deprived ; but Cromwell's henchmen had entered into profitable commercial treaties with Portugal and with another important star in the firmament of the day, Sweden, so that the Dutch star itself sank and the Dutch were left with what they have retained to this very day, the Netherlands East Indies to which we have referred, and a morsel of territory in the north-east corner of South America.

By degrees the financial and mercantile power of Amsterdam waned and passed to London, while the carrying-trade, so long almost a watertight Dutch monopoly, drifted into English hands.

In these early days of colonial development, items such as rubber, copra, palm oil, asbestos, graphite, sisal and a dozen others, mineral as well as agricultural, were virtually, if not entirely, unknown—certainly unappreciated for any trading value they might have. The intensive development of colonial territories is contemporaneous with industrial development in Europe. And it is England which, in all this, has led the way.

Many so-called colonial raw materials are, in the light of requirements of an earlier age, luxuries. And these luxuries have been given to the world owing to English colonial endeavour. Rubber, which the entire world now thinks of as a commonplace article, was planted up in the Far East by the British \*—even, indeed, in the Dutch Eastern possessions, where the sum of British capital invested amounts to several million pounds. The same may be said of tea in India and Ceylon, sisal in East Africa (and latterly in Sumatra and Malaya), oil-palms in West Africa and, again more recently, in Malaysian areas.

“Colonial raw materials”—they are *not* necessarily, be it noted, either “colonial” or “tropical”—were originally, again be it said, largely luxuries enjoyed by the few. To-day they have become essentials required by the many, although when life is reduced to its simpler elements many of these so-called essentials remain *unessential* so far as the generation of simple peace and contentment is concerned.

Petroleum products and rubber, to take two examples, certainly have made the world an easier place for some. But both are largely requirements established by the advent of the motor car and aeroplane age. Both are colonial raw materials and neither, of course, is produced, to mention two instances, in Germany or Italy. Yet, petroleum is not found exclusively in colonial territories. Rou-

\* In the course of this volume the words “England” and “English” “Great Britain”, “British Empire” and “British” are used so far as possible in their most exact sense.

## THE "HATPEG" ARGUMENT

mania and the U.S.S.R., Iran (Persia), Mexico and the U.S.A. produce petroleum in greater quantities by far than do Trinidad—a British Crown Colony—and Sumatra, a Dutch possession. Great Britain, by praiseworthy commercial endeavour, has secured a measure of control over certain foreign oil-wells. But the field was open to the whole world. And British enterprise entered the field first !

After petroleum let us look at rubber. Present-day plantation rubber, now a staple of Malaya and the Netherlands East Indies, has its home in the Brazilian jungle. A bare lifetime ago not a solitary sheet of rubber came out of the two colonial territories mentioned. And, still, in pre-war days the Germans held African territory possessed of suitable climatological and geological conditions for the growth of rubber !

Yet another instance is the development of the cultivation of the oil-palm and coco-nuts in West Africa and Malaysian regions in order to secure vegetable-fats for the manufacture of margarine and soap.

British enterprise and British capital saw to these things, and British enterprise and capital have not held the world up to ransom. The markets of the British Empire are open to all who wish to buy and who are creditworthy.

The world talks so loosely of "colonial raw materials". Some may believe Canadian, South African and Australian gold to be included in this comprehensive term. We know of no way yet in



which any nation may secure a share of the world's output of precious metals other than by exchanging goods therefor—whether raw materials or manufactured, matters not—or services. This argument, in truth, holds good all along the line.

After a careful process of elimination it seems that the number of so-called colonial raw materials is not as great as many might believe. Wool, as an example, is not a colonial raw material; neither, strictly speaking, is cotton, of which the United States is by far the most important producer.\* And although Java and Cuba are great sugar-producers, most of the nations of Europe produce their own beet-sugar. On the other hand, in an age when the dietary of peoples has changed from herrings, bread, beer, wine and milk to a wide and formidable array of foods and drinks, items such as cocoa, coffee, tapioca, rice and sago assume a considerable importance. And these five products are true colonial "raw materials".

One-time commodities of small note have become powerful factors in the existence of peoples and have developed into potent arguments in the conduct of

\*The United States production of cotton in the crop-year 1934-35 amounted to 9,636,000 bales of 500 lbs. each, as against the rest of the world 13,610,000, the U.S.A. thus supplying 42 per cent of the total world's output.

A large proportion of the world's wool supply is supplied by the British Empire. Australia exported wool of a value of £39,256,075 in 1935. But Australia is a sovereign State, not subject to the directions or guidance of the United Kingdom Government. Thus Germany, which imported wool to the extent of £20,672,000 during the same period (RM. 248,064,000 converted at 12 to the £) should address herself to Canberra so far as concerns such an important raw material, and not to London. Incidentally, it is worthy of note, in comparison with the German figure, that the British imports of wool in 1934 were valued at £33,314,000.

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international relationships. The housewife needs her pepper and cloves, her nutmegs and mace ; the hospitals and pharmacists need their quinine and cocaine.

But, although some of these articles of commerce are produced in British " Crown Colonies " many of them are not, or in such small quantities that Great Britain would find it impossible, if pressed so to do, to serve her own requirements. Thus, for instance, if Germany needs coffee, the Government to whom she should address herself is that of Brazil, since the bulk of the world's coffee comes from the Sao Paulo State of that South American republic. Again, if Germany needs cotton, it would be far better were she to make an approach to Washington rather than to Great Britain, while so far as tobacco (another important " colonial raw material ") is concerned the British Empire supplies but an insignificant proportion of Great Britain's own requirements.

What we have had to say about gold only being obtainable by exchanging goods or services for the metal applies in equal measure to a base metal, though one in prized demand for the manufacture of armaments, nickel. The bellicose nations of the world need nickel for the manufacture of armaments. They need nickel almost as badly as a few of them may need wheat and meat. But not an ounce of nickel is produced in the British Crown Colonies. Canada has a virtual monopoly of the nickel output of the world\* ; and Canada is a sovereign State. Which shows how ridiculous is much of the talk of

\* 88 per cent. of the world's production.

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“ access to *colonial* raw materials ”. We repeat, the term assumes a different meaning according to the company in whose presence it is used.

\* \* \* \* \*

What is it actually that the so-called “ have nots ” among the nations need ? Do they require :—

- (a) original possession, or
- (b) possession by commercial purchase ?

Therein lies the whole question. It seems, examined at bottom, that the principal lack of the “ have not ” nations is *credit*.

\* \* \* \* \*

The ability of any nation to secure adequate supplies of its raw materials depends primarily on that nation's finances. The only way known to history in which a nation can obtain its requirements other than by commercial payment, is by violent seizure of territory or goods. Great Britain cannot offer Germany and Italy territory and this country has but limited control over most of the world's primary commodities. We have said, the United States can supply them with cotton and tobacco, Brazil can supply their requirements of coffee, while the U.S.S.R. and the United States can let them have all the petroleum products they may need. No one is going to suggest seriously that any of these countries should hand over to Germany and Italy areas of cotton or tobacco fields, coffee plantations or oil-wells ! And, *per contra* no one can suggest, except in a pipe-dream, that

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Great Britain should hand over parts of the Indian Empire or Ceylon to the U.S.S.R. so that the moujiks of Russia may keep their samovars bubbling.

And standing out above all this clamour is the meagreness of Germany's pre-war ability to supply even the smallest proportion of her requirements of colonial produce from her colonies of the day, while Italy's performances in Eritrea and Italian Somaliland are almost *pour rire*. In 1933—a normal year—the combined exports of the two Italian colonies in question amounted to the sum of Lire 92,762,984, which, expressed in sterling, is almost exactly £1,000,000! In the same period Uganda, a neighbouring British territory, exported commodities to the tune of £3,464,610.

The comparison between the two figures may be seized upon immediately by some to prove how unfair it is that Great Britain should possess fruitful territory and the Italians but unfertile tracts. There is little in the argument, but it does lead to the question—What would happen to world markets—already glutted!—if large new tracts of land are to be planted up everywhere with rubber, coffee, tea, cotton and sugar, to take but five items? The world has seen hundreds of millions of pounds, invested money, lost to its owners since the conclusion of the war, owing to so-called over-production of colonial raw materials. Admittedly, in individual patches, there is such a thing as under-consumption; but in the aggregate there is no such thing, since consumption depends on purchasing-capacity which,

in turn, does not invariably coincide with either purchasing-*ability* or even purchasing-*desire*. Would Italians drink more tea if they were able to obtain their requirements from their own settlements in Africa? Tea, be it said, is not a popular Italian beverage. Would motor-cars be even more popular in Germany than they are if rubber and cotton were sold at a 1d. a lb. and tyres reduced a few marks in cost, since, be it observed, the value of the components is but a fraction of the cost of production? If we carry our argument right away from colonial raw materials home to England and cite coal—would coal, if it were made available at a Northumbrian pithead at the ridiculous figure of 4d. a cwt. be any cheaper, relatively, for the man in London who (a) used gas-fires, and/or (b) could not afford to pay the freight and middle-man's profit on carrying the coal to his door?

In an imperfect world you cannot take the profit out of trade. If you do so trade collapses. Accordingly, there must always be a set ratio of demand slightly exceeding supply for trade to be profitable. Overproduction always runs in double harness with low prices. Low prices are unprofitable; and traders then turn to other commodities, refusing to produce the former article any longer, whereupon a shortage results, which leads to demand by far overreaching supply with consequential exaggeratedly high prices.

The foregoing is known to every student of economics.

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Which being the case, no one with the slightest pretence to a knowledge of colonial produce can consider present-day prices unduly inflated. The following short list gives wholesale prices of a few of the more important "colonial" and other "raw" materials on August 29th, 1936.\*

Average 1913			Aug. 29 1936
9/9	Rice .. .. .	cwt.	9/3
18/3	Sugar, English refined cubes..	cwt.	22/1½
16/0	Do., West Indian crystallized	cwt.	17/6
9½d.	Tea .. .. .	lb.	1/2½
35/0	Cocoa .. .. .	cwt.	29/3
£71/15/0	Copper, electrolytic .. ..	ton	£42/15/0
£85	Do., strong sheets .. ..	ton	£70
£200/2/6	Tin .. .. .	ton	£186/10/0
£19/2/6	Lead, English .. ..	ton	£19/5/0
£22/10/0	Spelter, foreign .. ..	ton	£13/16/3
8½d.	Petroleum Amer., refined ..	gall.	9½d.
7.12d.	Cotton, American middle ..	lb.	6.61d.
9.84d.	Do., Egypt .. ..	lb.	10.20d.
10½d.	Wool .. .. .	lb.	13½d.
3/1	Rubber, Plantation, sheet ..	lb.	7/1½d.
£24/15/0	Linseed oil .. ..	ton	£27/15/0

There are ample supplies of the several commodities mentioned above to serve the entire normal demand of the world, averaged over a long term of past years. Actually in order to keep the markets on an even keel restriction schemes have had to be introduced.

British consumers can pay the prices quoted. Why not Italians, Germans, and any others who complain? For the second time in the course of these pages may it be said—the ability of any nation to secure adequate supplies of its raw materials depends primarily on the conduct of that nation's finances.

\* The Times.

If, therefore, clamant "have nots" (as their counsel like to call them so as to excite compassion) are innocent of all guile and do not wish merely to secure possession of another man's territory, but are only anxious to be placed in a position whereby they may be able to enter the world's markets, their primary course is clear.

Alternatively, what can the "colonial" powers do? They, each in its own way, are dependent for a measure of their supplies of raw materials on the goodwill of other nations. Of all nations, Great Britain is the worst off in this respect. The foolish in our midst have forgotten the War; and the straits to which Great Britain was almost reduced because of her inability even to feed her people with the products of her own soil. As Mr. Lloyd George said at the time, we had to pass through a "National Lent".

All facts are born free and equal, says William James. As free and equal a fact as the "inaccessibility" of certain colonial raw materials to Germany, Italy and Japan (and every other non-colonial nation) is that which reveals that Great Britain has to turn to the Belgian Congo for radium, to Java for quinine, to Peru for cocaine and, to come closer to the scene of conflict, to Italy for sulphur, and to Spain for cork. Oddments in the list of British importations, admittedly, but oddments which, in the mass, point a moral, namely, that no nation can be said to be self-contained. *Così va il mondo!*

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A dozen wars, the launching of a thousand ships, the bellows of dictators and the deliberations of Parliaments cannot alter the obvious. Great Britain produces coal, the U.S.A. cotton, Chile natural nitrates, India tea and Brazil coffee; and all the fact-twisting and rhetoric in the world will not bring about any change in the course of the original intentions of nature.

Economic nationalism can only be adopted by nations which can afford to be completely independent, economically, of all foreign trade intercourse. No such nation exists. The U.S.A. are the nearest approach.

Great Britain cannot be expected to hand over territory to other nations, to give them tin-mines, tea and rubber estates which have been developed by British brains and with money, the property of British investors. Great Britain certainly can place the *output* of these commercial properties at the disposal of any who are prospective buyers. Or is it suggested that Great Britain should subsidize the whole world, presenting gifts of strings of consignments of raw materials to the "have nots"?

It being assumed that the "have nots" cannot pay in the open market, it must be assumed with some reason that they could not pay, in the ordinary commercial sense, if they were dealing with His Majesty's Government instead of with British merchants and producers. In the event of payment not being forthcoming someone must pay, either



the merchant or producer, or His Majesty's Government. But—His Majesty's Government is not possessed of a purse of Fortunatus. Whitehall secures the sinews of peace and war from the people of the nation—each man or woman. Everyone, either by way of direct or indirect or "passed-on" taxation, supplies the sinews of war, in other words, the revenues which serve to keep the nation in being. Is it seriously suggested that this heavily-taxed nation should tax itself further in order that Italy, Germany, Russia and Heaven knows how many other countries should be able to secure that which they say is inaccessible—colonial raw materials—but which they lack owing to their own bad domestic management?

Whichever way you look at it, if the "have-nots" are to secure something which they assert they now lack (and which they cannot pay for themselves) someone must find the finance. To the British income-tax payer the question to be propounded is—are you prepared to pay income-tax of several additional pence in the pound so that Germany may purchase nickel for armaments or that Italy may secure rubber for tyres so that her road-transport in Abyssinia may be perfected? The man-in-the-street who is just as heavily taxed, though he does not always realize it, may be asked—shall Great Britain finance the supply of palm-kernels to Germany which will mean that your margarine will cost you more; shall we, indeed, share *all* the good things which we have managed to secure by

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way of national effort with any Continental nation which, were we in like plight, would place us merely in the position of “condemned to hope”?

We do not say that nothing whatsoever can be done, but let it be done on a sound business basis. We can lend money *on terms* and for a consideration.

## CHAPTER IX

### GREAT BRITAIN'S POSITION ANALYSED

**G**REAT BRITAIN in the course of three and a half centuries has established colonies and settlements in every sea. So vast is the British Colonial Empire to-day that, it must be assumed, there is only one man who has visited almost every British dependency, and that man the King. To few others could the opportunity be granted on many grounds, not least that of expense, to visit but a handful of British colonies overseas.

The British Empire is a great performance, notwithstanding all its apparent imperfections. The passage of the years has led—and in the future, even more so, must lead—to changes. The importance of colonies is gradually becoming appreciated by every section of the population of the British Isles. Communication by air has aroused a mild popular interest in distant dependencies, while in their own field the Press and the cinematograph have become vaguely educative and have enabled the ordinary man to visualize, after a manner, the vast extent and the modes and manners of the British overseas possessions.

The development of the British Empire has been the most unforced thing in the world, as complete

as the homogeneity of the latest German *Reich*. It would not be untrue to say that, in a sense, the dominions and colonies have attached themselves to Great Britain as pieces of steel will to a magnet, some gripping very fast, others hanging but loosely. The attachment has been a natural growth, not the artificial stimulation of a *Kolonialkampf* of a German nor the nervous colonial appetite of an Italian.

Over a period of three centuries Great Britain, contemporaneously with her colonial development, has created the greatest merchant-shipping fleet in the world. It is to this mercantile marine primarily that she owes her colonial possessions. And it is her colonial possessions that have given Great Britain greatness in a material sense, as well as the respect and moral leadership of the world.

And yet there are a few who say, "Why not part with a few 'chunks' of Africa; they serve but as 'dumping grounds' for a few younger sons?" Which is a foolish argument.

Great Britain's colonies, as separate from the Dominions, are—almost each one—powerful factors in the lives of every man, woman and child in the British Isles.

*Remove the colonies, and this is what you would remove at the same time at least:—*

(a) The ships that ply between Great Britain and colonial ports. Thus you would affect the livelihoods of (i) British seamen, (ii) British shipyard workers, (iii) British workers in steel mills

who produce the steel which goes to build the ships, (iv) British miners who produce the coal to fire the ships, (v) British clerks who serve in the shipping offices, (vi) British dockworkers and other quayside employees who assist in the loading and discharge of ships ;

(b) the employment of British labour in at least the following categories : (i) the manufacture of steel products needed for colonial engineering enterprise—bridges, railways, locomotives, steamers for use on colonial rivers and lakes, cranes and boilers ; (ii) the production of electrical equipment for use in every conceivable capacity, from wireless installations and dynamos to the humblest electric bulb ;

(c) employment in the warehousing and distributive trades concerned with the distribution of colonial produce, an important item, since it covers (i) warehousing, (ii) marketing, (iii) packing, (iv) re-shipping to foreign buyers, (v) not infrequently blending and/or refining, all of which give employment to an untold number of persons in Great Britain ;

(d) the profit on all this intense activity, all of which is assessable to taxation and adds to the spending-power of the people of Great Britain and thus helps to reduce the burden in other directions.

The foregoing does not pretend to be an exhaustive catalogue, but there can be few who will deny the obvious facts when they are presented to them.

This neat arrangement is one which a few would

upset—not, strangely, foreigners alone, but even the generous in our own midst. Those who dwell in Temple Chambers or in smug suburban villas, admirably though they may be instructed in law and booklore, should venture beyond Juan-les-Pins or Palestine in the course of their travels and go, instead, to Padang or Penang in order to learn the meaning of the word “Colonies”.

What, pray, would our good neighbours Germany and Italy do were we to parcel out to them our African possessions? They would at once create a watertight compartment or compartments in Africa, from which British subjects would be barred, or, if not barred *de jure*, disenabled *de facto* from trading. Let us assume, as an extreme and impossible instance, that a Colonial Office, of a sudden deprived of its sanity, believing that the Berliners needed succour, decided to hand over—impossible suggestion!—Kenya to the Germans. For a start such a move would mean, to take a random figure, switching £2,000,000 of Kenya exports from Great Britain, to which they now come, to Germany. Accordingly, the intermediate profits (since we are a trading nation and as middlemen we do not labour so that there may be *Prosits* in Berlin counting-houses) would be lost to this country. The freights, i.e. inward freights, on £2,000,000 worth of commodities would be earned by German and not by British-owned shipping companies. German seamen would transport, German dockside workers would unload, German warehousemen would stack, German

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clerks would keep tallies and all along the line, from East African port facilities to Hamburg merchant, the services of Great Britain would be dispensed with. The result would be that Germans would benefit after a fashion, but profits and wages would be lost to Great Britain, while our trade returns would suffer, to the ultimate detriment, however slight, of the entire people.

In this, as in many other matters of international concern, Great Britain acts as the honest broker. For generations we have acted as the *entrepôt* of the world, depending on our sea-borne traffic to give us a living. From the distant ends of the earth we have brought home and stacked in our warehouses rare goods of every description ; and made them available for whosoever has had the cash to pay for his requirements.

Fiddle with the composition of the British Empire and you take the first step towards destruction of the British *entrepôt* trade. Give any other nation an opportunity of stepping into Great Britain's shoes as the Clearing-House of the world and you immediately convert Great Britain into a group of small islands, dependent on exports of coal, iron, steel and textiles, all of which other countries, such as Germany and Japan, can export at competitive prices. In an instant the general standard of living (and incidentally the cost of living) could be changed beyond recognition. In order to export at all, profits and wages would need to be cut to the bone and, in the end, Great Britain might have to buy Kenya products from Hamburg merchants and allow

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for their profits, so that Kenya coffee, tea, sugar, cotton and sisal would cost the British consumer more,\* and his position would be worsened, both fore and aft, in a manner of speaking.

An extreme example this, of course, but it will enable the reader to see that, if Great Britain were to yield unto another sovereignty over any part of her colonial territory and subjects, she would be damaging the vital interests of her own people at home, in an irreparable manner.

The subject assumes all the greater importance in an age when Free Trade, on which this nation grew fat, has "gone by the board," and the only Free Trade left is between ourselves and the British Dominions and Colonies. We may try, until we are black in the face, to export British motor-cars to Germany, but never shall we be able to penetrate the German Customs barrier. But the Dominions and the Colonies are still prepared to take the products of Cowley and Birmingham. Which is a consolatory thought for the workmen of Cowley and Birmingham. But they may well pray that never any of the colonies or mandated territories may pass from British possession to that of Germany or any other European power, for then never a motor car assembled at Cowley or Birmingham would enter that territory again.

Dr. Goebbels, the German Propaganda Minister, speaks of "a world of economic lunacy". And a few ineffable Englishmen, blind to happenings in other countries, suggest that Great Britain, in effect, may be numbered among the lunatics because we



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are alleged to have closed the doors of our colonies to foreign traders.

Now, to begin with, in a world which is used to playing with euphemisms it is well on occasion to use words unadorned. Such a suggestion, that Great Britain has closed the doors of her colonies to other nations is untruthful as well as dishonest, but were it true it would show a measure of common sense on the part of this country. Why should we not close the doors of our colonies to the foreigner, in order to stimulate the output of our own factories and thus ensure employment for British workers? To whom is our first duty? We are not a nation of almoners, with the entire world waiting in a queue for our gifts. At any rate, we should not be. And yet? Let us take our Malayan possessions as a suitable instance, making every allowance for transit trade. In the years 1934 and 1935 Japan was enabled to send goods valued at £4,374,000 and £3,548,000 respectively to the Malay Peninsula, while various European countries, during the same periods, sent goods valued at £2,324,000 and £2,631,000, totals for 1934 of £6,698,000 and for 1935 of £6,177,000. As against these figures, extracted with a due regard for local conditions, the following short table is an enlightening comparison between British imports into Malaya and those of the two other groups combined :—

	Imports from Great Britain	Imports from the Continent of Europe and Japan, combined
1934	£7,856,000	£6,698,000
1935	£8,762,000	£6,177,000

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The figures quoted do not take into account inter-colonial trade and local trade with the Netherlands East Indies, nor, indeed, do they even allow for a round million pounds' worth of American imports, principally automobiles. These figures concern commodities produced in the great industrial and manufacturing countries of the world. And they show that far from Great Britain not keeping "open house" in her dependencies, the foreigner is permitted to supply roughly forty per cent. of the needs of those dependencies—to Great Britain's own detriment, since, in any event, after making every allowance—Japan and the continent of Europe would continue to take the staple products of the Malay Peninsula, which are as needful to them as they are to ourselves.

Japan, Germany, France, Italy and all the rest need rubber and tin, the principal exports of the Malay Peninsula, and they must obtain their requirements from that source (or from one or two others) or go without.

In truth, it is a world of economic lunacy, as the German Propaganda Minister, from behind the walls of his own particular asylum, says. Since, if Great Britain is attacked for owning colonies when she permits other nations to take forty per cent. or more of the trade in imports to those colonies, both Great Britain as well as those who attack her are mad—the one for permitting such an altruistic state of affairs to continue, the others for finding fault with the gifts of the gods!

The policy of the open door, they cry ! *Quem deus vult perdere prius dementat !*

It is not the British way to "exploit" the colonies for her own benefit. Trade in the British colonies is possible for all. In Malaya the most varied assortment of races own land, ships, houses, factories, workshops, plantations, property of every description. Europeans and Americans, men of every nation, Chinese, Indians, Japanese, Arabs and Jews all help the wheels of trade to revolve. Anyone, almost everywhere within the Empire, irrespective as to race, nationality or creed, may set up shop and cry his wares ; may acquire property, including land, and none will be taxed at a higher rate than his neighbour. Almost everyone—whatever the colour of his skin—may aspire to considerable office under the Crown, granted but the simple condition precedent, the possession or acquisition of British nationality.

We do not "exploit" the colonies ; and still they are as necessary to us as is Great Britain to them. Great Britain supplies them with their commercial finance and their governmental administration ; Great Britain maintains internal peace and wards off external menaces ; Great Britain carries the British message (on which we need not harp, since none will be found to deny its worth) to native races and, by encouraging the virtues, endeavours to raise the material and ethical standards of subject races.

Great Britain and the dependencies are interlocked at every stage. We need the products of the colonies ; we need to carry these products on British ships to

their central place of marketing ; we need them because of our obligations towards our greater dominions, Canada, Australia, India, the Union of South Africa and their smaller associates in the Empire. The Dominions depend on the British navy against external menace. In the chapter of this book dealing with " The German Case " it has been shown how Germany needed coaling and victualling stations for the German fleet in pre-war days.

How much more important, then, is this need for Great Britain, almost entirely dependent, as we are, on our sea-borne trade ! In times of peace, as well as in war, it is necessary that the seas be policed so that the flow of British traffic on the highways of the ocean may be unimpeded and the people of this country fed.

Great Britain is not, as was Germany in pre-war days, merely an " enthusiastic amateur " in the colonial sphere. The Calendar of State Papers—and a score of other historical calendars—are packed tightly with statement of fact upon fact, each one of which shows how great the deliberation and care with which the natural growth of Britain's colonial empire has been tended during the centuries.

Why do we need to retain all our colonies, while other nations have few or none, is a pertinent question to which we need address ourselves ? Here are a few replies for the mockers, the scoffers and the doubters.

First, we are not a nation of peasants, and therefore cannot live on the fat of our own tired soil. We do not

possess in these islands either the land or the rural population which would enable us to subsist were we not able to obtain supplies from abroad. Accordingly, we have to make our purchases of wheat and meat, of cotton and tobacco, sulphur and lemons, quicksilver and lead—to take a few of a wide range of articles—in the distant markets of the world. In order to do this, we need to have the widest range of articles of our own production to exchange for these many and varied products. We possess few raw materials, except coal and iron. Therefore, we have to manufacture. We can only manufacture by importing the raw materials needful for the purpose. And then we have to sell our manufactures.

Secondly, we are not the only nation with factories which turn out what the world needs. Competition is keen. We, therefore, have to add to our national income. This we have done for generations by maintaining the greatest mercantile marine in the world, acting as the world's carriers-in-chief and turning the British Isles into a great emporium where other nations may come and buy. Thus we are not only carriers, but we are also the middleman among the nations. For these services the foreigner pays us ; and thus is it made possible for us, with the aid of the profits on the export of our manufactures, to secure a sufficient financial reserve \* which enables

\* We do not produce gold ; were we unable to export goods and services we should be obliged to draw on our gold reserves to pay for wheat and meat. Once these reserves became exhausted our paper promises to pay would have little worth.

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us to purchase the wheat and meat and the rest of the catalogue from those nations where we go to buy.,

These are not the only services we render the world in order to keep the nation on an even keel. We are bankers and assuradeurs as well. But for the moment our rôles of manufacturers, carriers and distributors are all that call for notice.

The British colonies supply an adequacy of a limited number of raw materials for our factories; "colonial" freights are in the nature of an "iron ration" for our shipping industry; colonial produce is an important prop for our distributing trades, as we have already indicated.

None will deny any nation the right to expansion in its own way, but when it is suggested that any nation should expand at the expense of the welfare of the people of Great Britain there is only one possible reply—"No!"

Conditions and cases are different. Our islands—if the bull may be forgiven—are more sea than land. Germany and France, Russia, Italy and the Central European Powers are almost wholly intensively cultivated land.\* Our population is largely urban; it is congregated in vast numbers in small areas. Our history is a maritime history; our future lies in the command of the seas. This is not mere

\* The following figures will show conclusively how different is our internal economy from that of Germany, France and Italy, all three of which have vast areas under cultivation compared with Great Britain :

	Acres under cultivation.	Acres under Corn crops
Great Britain	29,630,934	5,449,118
France	87,849,470	24,966,000
Germany	73,369,713	28,662,403
Italy	70,294,640	17,662,708

flag wagging or imperialistic prating. It is a simple fact, stark to those whose eyes see clearly.

Meddle with our colonial possessions and you meddle with our colonial trade. Toy with our colonial trade, so that the foreigner may get a share and you reduce Great Britain's share. Interfere with the sources of many of our essential supplies and you immediately close down some of our manufacturing activities. Allow any portion of the trade of the colonies to be diverted to Hamburg, Genoa or where not and you throw men out of employment in London and Liverpool.

It is no light responsibility, the responsibility of any British Government to keep the wheels of Empire moving in that slow but certain fashion which enables the machine to run smoothly, so that not only justice may be done to subject races, but equal justice be done to the forty-five millions who dwell within the confines of Great Britain. They must be kept in employment and fed. These forty-five millions—again be it said—are not a peasant population ; they are what they are—employed in office and foundry, factory and mill, aboard ships of every degree and size, in coal-pit and in quarry. They do all these things, and many more, but they do not raise corn. The corn must be purchased from overseas. And in order that the purchases may be made we must sell the goods and render the services to which reference has been made. Our colonies help us in the endeavour.

What of the British colonies themselves in all this, it may be asked ? This is what happens—a simple

tale. The native under British rule, apart from the protection he gets, knows the advantages of calm administration, sound currency, commonsense, leadership instead of bullying and hectoring, a full share in the Government by way of representation on local Councils and administrative posts in Government offices and, as a rule, easy labour—whether tilling in the fields (his own or on European plantations) or in any other form—which is adequately rewarded. He has many other advantages, such as freedom from compulsory military service ! He does not run the risk of being lynched or forced to join foreign legions or set the task of “ black kill black ”. Of course, he does not receive the same return for his labour as a British workman ; but then the worth of money is what money will buy. And the native in British possessions, wheresoever situated, is almost invariably placed in circumstances of comfort. Rarely in the colonies is that deep pathetic and chronic poverty to be seen which, alas, is so common-place in Great Britain itself.

Anyway, if there be any who would transfer the destinies of negroes or Malays, Melanesians, Somalis or Sakais, or any one of the hundred other races under British rule to the tenderness of the German, the Russian, the Frenchman, the Portuguese or the Pole, let him give at least one good reason why he believes that any one of these nations would succeed in better measure than do we. Then, perhaps, we may start wondering whether we are indeed worthy of our mandate as colonizers.



## CHAPTER X

### THE U.S.A. STANDS ALONE

AS a colonial Power in the sense of explorative development of distant territories and the assumption of protective sovereignty over peoples less well organized to govern themselves, the United States do not rank, unless we include the Philippines and a few minor strategic possessions. The United States are so positively self-contained that it is quite unnecessary for the American people to seek the external expansion in distant fields. So varied are the climatological and geological conditions, the natural resources generally of the United States that the Englishman, looking about him at the British Isles—an impoverished soil ; a limited area lacking wide variations of climate ; some coal and iron ; less tin ; a trifle of big timber and not much else—is constrained to wonder at the miracles which, firstly, notwithstanding the natural poverty of these islands, have made his nation great, and, secondly, have produced a nation of the immensity of the United States with its population of 125,000,000 and its vast productivity.

Stretching as the United States do, from the Atlantic to the Pacific, and from the Canadian border to the Gulf of Mexico, the American nation can afford to

be almost wholly independent of supplies of almost every description from the outside world. A nation which, in mineral wealth alone, has an annual productivity of certainly not less than £500,000,000—coal, pig-iron, gold, silver, copper, lead, zinc, quick-silver, aluminium, tin, platinum, petroleum and salt—is almost as economically self-supporting as ever nation can expect to become. And to this mineral wealth must be added an area under corn-crops alone of *160,000,000 acres* to serve a population of some *125,000,000*. In comparison, Great Britain, France, Germany and Italy *combined* have less than half this area—*77,000,000 acres*—under corn-crops to serve a population of almost *200,000,000*.

Who shall wonder, then, that the United States have a surplus available for export of almost every one of their raw and semi-manufactured materials, and that the Americans need not be colonially-minded? A nation that produces some 60–70 per cent. of the world's crude oil and nearly three times as much pig-iron as does Great Britain, can afford to adopt a self-contained attitude. Add to this, an output of coal a third as much again as that of Great Britain, and three times the British output of steel, and the magnificent economic isolation of the United States begins to reveal itself. But attach to these facts the statement that the United States produce approximately half the world's entire output of cotton, and export twice as much tobacco as the United Kingdom consumes, and the picture of an almost perfect economic structure is complete.

Add, further, almost inexhaustible forests and vast cattle, sheep and horse-breeding industries, with all their subsidiaries, meat-packing and the like, and none shall be able to deny the supereminence in the field of economic output of the North American republic.

All of which causes the question to be raised—was Sir Samuel Hoare when, in his capacity of Foreign Secretary and delegate of the United Kingdom to the Assembly of the League of Nations, in September, 1935, he mentioned the problem of “raw materials”, perhaps obliquely referring to the United States (the conspicuous absentee) and *not* to Great Britain?

It has been assumed generally that the reference in question was to some remarkable gesture which Great Britain could make. A careful perusal of the speech of the then Foreign Secretary seems to show—more especially when read in conjunction with the figures and origins of the output of the world’s staple commodities—that Sir Samuel Hoare’s words appear to apply most to the United States, without the full and ample co-operation of whom Great Britain, with but a limited control over supplies of certain of the world’s essentials, can do nothing of a permanently fruitful nature.

Sir Samuel Hoare, at Geneva, referred to “exclusive monopolies” of raw materials. It is doubtful whether the former Foreign Secretary need have qualified the expression “monopoly”. Either a monopoly is a monopoly; or it is not. Actually, no nation can claim a monopoly of any of the score or so of the world’s principal raw materials.

## THE U.S.A. STANDS ALONE

Of the entire range of commodities, the United States need go overseas only for a very limited number, of which cocoa, coffee, tea, vegetable-fats and rubber are among the more important. Admittedly, the United States cannot supply the whole of her home requirements of all the commodities mentioned earlier in this chapter. But she produces them in part, if not in total, which is more than applies to any other nation; and this places her in a predominant economic position in the world.

The wide variety of American exports of raw and semi-manufactured materials of her own production, some of them of the "Colonial Raw Material" type, is shown by taking a mere half-a-dozen items of *British imports* from the U.S.A. in 1933\* :—

	£
Hams . . .	2,005,026
Lard . . .	4,297,438
Raw cotton . .	18,244,108
Petrol . . .	2,484,626
Lubricating oil .	2,731,364
Tobacco . . .	8,261,348

But in none of these items have the United States—any more than has Great Britain in regard to rubber—what Sir Samuel Hoare referred to as an "exclusive monopoly". They have a *preponderant superiority*—a considerably different matter—which gives them a measure of natural control over the trend of the world's markets.

Nevertheless, they have to purchase their rubber

\* Latest figures available.

from the British Empire and the Netherlands, and, they are, incidentally, the greatest rubber-consuming nation in the world. The great stream of motor-cars which pour from American works need to be tyred. Americans have toyed with the idea of planting up rubber in the insignificant negro republic of Liberia, with a view to making themselves independent of British and Dutch suppliers, but, hitherto, the effort has shown few signs of sturdy growth.

Besides rubber, the people of United States, as has been mentioned, also have to import their tin, coffee and cocoa, and a few other lesser commodities. Apart from these, however, they could almost close their frontiers—so far as essentials are concerned—to all foreign products, whatever their nature or origins.

\* \* \* \* \*

It will be evident that world markets are influenced by the United States to an extent far greater than by Great Britain or any other nation. A sudden spurt in the American demand for rubber must, of necessity, influence the price in an upward direction. Legislation, such as the liquor prohibition amendment, also has its effect, in this particular case by having created at the time an enhanced demand by the Americans for coffee and cocoa. Brazil, which supplies the United States with a large proportion of her requirements of these two commodities, was benefited. A rise or fall in the price of any commodity within the sphere of interest of the United States—either by way of native production within her own

borders, or due to American purchases overseas affecting the laws of supply and demand—is bound to react throughout the world.

A great self-contained nation such as the United States with but one ensign and one simple common citizenship—a real sovereign unity, not the disjointed sprawling several units of the British Empire—occupies a distinctive position in the world. There is none other to compare with it, although in future years the Soviet Republic may perhaps aspire to a similar status. A community such as the United States, with its almost limitless powers of production and consumption, has a casting-vote in relation to the distribution of the world's raw materials, be they "colonial" raw materials or otherwise.

Admittedly, India and China are also vast conglomerations of peoples which might be brought into comparison with the United States. But the peoples of India and China are politically and otherwise still exceedingly immature. They cannot be judged according to Western standards ; and their purchasing power *per capita* is insignificant compared with that of the United States.

Can the United States ever enter into mutually advantageous economic arrangements with the rest of the nations of the world? The question is of importance, since it is to the United States that the world must look for unselfish contribution if ever a solution of the commodity question is to be reached. Without the full and ungrudging co-operation of the United States, any endeavour which Great Britain

may make to bring about equitable distribution of the world's commodities must fail.

The United States are in the position of a shopkeeper who has large stocks, buys where he will for cash, and possesses a bulging till filled with gold. While outside, queued up, willing to buy from him and indeed to trade with one another, are potential customers ready to sign cheques or promissory notes. But they lack the current coin which must clink on the counter before goods can be wrapped up for them. The potential customers all have their own little bits and pieces which they are prepared to offer the shopkeeper—in the absence of gold coin—for what he has for sale. But the shopkeeper can only use a few of the bits and pieces. He is in this respect like a Newcastle coal-factor, who would hardly be expected to make his purchases from the Kent coalpits.

This is the situation as between the producing-nations of the world and their customers to-day. Great Britain is in the same position, only very much less so, as the United States.

All this goes to show that the free exchange of commodities is impeded. And that American sales abroad during and since the War have helped to pile up in her vaults the greater share of the world's gold, since by maintaining a formidable tariff barrier the United States have prevented their customers from paying for their purchases in goods. And none but the most fatuous need expect any American administration to change this policy.

The doors of the United States are only wide open

for raw materials which Americans cannot produce within their own frontiers ; everything else of whatsoever nature, whether raw materials or manufactured goods, must pass through the customs wicket and pay toll—which very few can do—and then compete with the native article.

None can blame the United States authorities for wishing to prevent their country from being swamped with foreign manufactures and raw materials to the disadvantage of their own agricultural and industrial workers. But, nevertheless, the United States *are* part of the world economic system, whether they will it or not. Economic collapse is a fire that runs swiftly ; and when other men's homes are burning a spark may light on the thatch of one's own roof and cause considerable damage and distress.

Which is one reason why the United States, although not a "colonial" Power and, accordingly, not a producer of "colonial" raw materials—in the sense that such materials are obtained from colonies overseas—must co-operate with Great Britain if a solution to the problem is to be found.

It may be thought by some that Sir Samuel Hoare started a hare at Geneva with which it will be hard to catch up ! Dr. Salazar, the Prime Minister of Portugal, looks upon the Geneva reference as a *bêtise*. Dr. Salazar cannot "understand the meaning of the new theory of re-distribution of colonial raw materials" and he is of the opinion "that nobody can". Dr. Salazar, and those who think with him, are presumably taking Sir Samuel Hoare's statement



at its face value. The United States, for instance, are no more likely to give any other nation free access to their oil-wells or cotton-fields than is Great Britain prepared to say "Help yourself" to those who need Malayan rubber or tin.

But the United States can, with ourselves, *make it possible for other nations to enter the market* so that they may be able to secure their requirements of these and other commodities.

Indeed, stripping the argument to its fundamentals, *only* the United States can make it possible for those other nations to enter the markets with something in their purses wherewith to make their purchases. The United States have a gold reserve ten times the size of that of Great Britain ; and twice that of Great Britain and France combined.\* The disequilibrium in the distribution of gold is the fundamental cause of the world's economic distress and uneasiness. Germany, being almost wholly denuded of gold reserves, can *only* make purchases abroad by paying in the form of goods. And as Germany is not primarily an exporter of raw materials, these exports of goods can only take the form of manufactures.

\* The following figures (all based on the approximate rates of exchange current immediately prior to the French departure from the gold standard on September 26, 1936), show the gold reserves of the leading nations affected by the argument :—

U.S.A. £2,152,400,000 (converted from \$ @ 5 to the £ sterling).

France £713,762,000 (converted from francs @ 75 to the £ sterling).

Great Britain £247,940,000.

Germany £5,620,000 (converted @ Marks 12 to the £ sterling).

The Netherlands £974,50,000 (converted from Dutch florins @ 7 to the £ sterling). The *Economist*, September 12/19, 1936.

The above figures do not, of course, include gold other than the reserves of the central banks.

It is a good sign, therefore, though but a straw, to read in the American Press "If Germany and Italy could export freely, they could freely buy all the raw materials they need".\*

The obvious question is "To whom?"

Are the United States prepared to join in a freer trade movement?

In an earlier paragraph the statement has been made that none but the most fatuous could expect any American administration to alter the traditional American tariff policy. This being so, to whom, then, is industrial Germany to turn as a possible better customer? Since sell her goods Germany must; or disaster is inevitable. In 1935, of total German exports aggregating 4,269 million marks, Great Britain, France and the Netherlands combined took rather more than a quarter† between them. It is clear from these figures that the three principal colony-owning countries do their share. Yet the United States, with the greatest purchasing power in the world, took but a meagre 4 per cent. of Germany's exports.‡

None, in truth, can blame the people of the United States for buying wheresoever they please, but the object in view is unlikely to be furthered merely by saying that nations in the position of Germany and Italy can be helped if they are permitted to *export* more freely. Since *the point at issue is that other nations*

\* Walter Lippmann, American publicist, in the New York *Herald-Tribune*.

† Great Britain's share of German exports in 1935 was 375 million marks; France took 252 millions and the Netherlands 404 millions.

‡ The United States took German exports valued at 169 million marks in 1935.

—and first and foremost the United States—*should import more freely.*

Actually, good sign though it may be that the American Press is becoming increasingly aware of the fact that something ought to be done, the particular route suggested cannot lead to salvation.

The problem is deeply rooted and rests, as enlightened Americans well know, on a foundation of gold. For good or for ill, gold is the irreplaceable standard of exchange. And the United States hold £2,000,000,000 of the world's supplies as compared with Germany's almost pitiable £6,000,000! The gold cover of the German internal note issue has almost disappeared to vanishing point—1.67 per cent., compared with the United States 79.5 per cent.; France's 58.4 per cent.\* and Great Britain's 41.4 per cent.†

Just as long as this position remains unchanged the United States will be able to go out with a shopping-basket in all the markets of the world, while Germany can only shop where she can obtain credit or just exchange goods for goods—primitive barter.‡

Unless an individual has a bank credit and goodwill he cannot trade except within the narrow limits of the cash in his pocket-book; unless a nation has

\* The French figure is based on the position as it existed prior to the devaluation of the French franc at the end of September, 1936.

† The *Economist*, September 12, 1936.

‡ The *Times* correspondent in Vienna states, in a dispatch to his editor dated March 11, 1936:—"... Germany, being urged to reduce the large sum (now about £1,600,000), owing to Yugoslav exporters, offered to work off a large part of it by equipping an armament factory in Yugoslavia". This, according to the same source, was approved by the Yugoslav Government and the contract made with the German armament firm of Krupp.

## THE U.S.A. STANDS ALONE

a satisfactory gold reserve which bears some reasonable relationship to that nation's trading turnover it cannot afford to make purchases in the markets of the world, excepting to a very circumscribed extent. Such a nation's commercial notes are backed by nothing other than promises. A nation in this position is comparable with the individual who, having exhausted the cash in his pockets and lacking a bank account, "mortgages future income". Indeed, a nation which is reduced to these straits is, for all practical purposes, bankrupt, although it may be permitted by its creditors to continue trading within limits in order to prevent it from becoming completely

This is the position in which Germany, Italy and certain other nations find themselves—all in varying degree—to-day.

\* \* \* \* \*

It may be asserted that these nations are expending hundreds of millions of their internal currency for military purposes within their own frontiers. Internal expenditure and external debt need not necessarily be corollaries one of the other, though this often, indeed, does prove to be the case. A German purchase of nickel in Canada or an Italian purchase of wool in Australia—both, let it be assumed, for military purposes—obviously affects the external trade position. But if the German Government spend millions of Germany's *internal* currency *per diem* on the purchase of German manufactures, the products of

German raw materials, expenditure of this kind does not affect other than Germany's own citizens, since it can only come out of internal loans or taxation, which is tantamount to the transfer of I.O.U.'s. Foreigners would not accept such currency at its face value, but as between one German citizen (or group of citizens) and another it is of good worth.

Accordingly, we see that Germany's external trade is not necessarily affected by her internal expenditure. Germany does not pay gold to her industrialists who are quite prepared to accept paper which, for internal use, may prove to be a satisfactory medium of exchange. But the foreign supplier does not feed at Germany's table; the foreign supplier needs *gold or its equivalent*. And Germany lacks the gold.

\*            \*            \*            \*            \*

At the opposite ends of the pole, therefore, we find two great Powers—the one a leading creditor-nation, the wealthiest in the world; the other heavily-weighted with debt, holding but a few odd millions by way of a gold reserve. The one possesses unlimited resources of raw materials and knows that its commercial bills—its debts of every degree—can be honoured; the other is living precariously from hand to mouth, depending on its sales to foreign countries to pay for its immediate requirements of essential raw materials which are not produced in the country itself.

It seems almost as if the gulf between two such

nations is too wide for any feat of financial engineering to bridge it.

Elsewhere we have dealt with the German clamour for colonial territory, and it has been demonstrated that, from the point of view of supplying raw materials, the former German colonies are of exceedingly minor significance. Credit is far more important to Germany, and to the other debtor nations which lack certain prime natural products, than is territory. With—as has been written in another connection—“guilders to jingle” they need not aspire after a simulacrum of sovereignty in odd corners of Africa.

We know that the United States control both the credit and the commodity positions. They have secured possession of the major part of the world's stocks of gold; they are the leading producers of certain of the most important raw materials—often wrongly called “colonial” raw materials—and they dominate, by virtue of their purchasing-capacity, the markets for those raw materials which they do not produce themselves.

Only the United States can help effectively to bring about that “re-distribution” of raw materials which the so-called “have not” nations—as well as all the others—need. Great Britain can take the initiative, but without full and, indeed, generous co-operation on the part of the United States, nothing that Great Britain can do is likely to bring about any change in the existing state of affairs.

The United States—unlike Great Britain, France and the Netherlands—have no colonies to which the

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“have nots” can lay an idle claim ; but they have something of far greater value which could still the disaffection among the nations. They have the gold and they could create the credits. This is a task in which Great Britain in her own field could help.

## CHAPTER XI

### MALDISTRIBUTION OF COMMODITIES THE "EVIL"

IT has been shown in the previous chapters of this book how complex the commodity question is ; and how much misunderstood. Not a few, reading the title of the present chapter, will assume " maldistribution " to mean that Great Britain, the United States, France and the Netherlands between them have *an overplus of sources of supply*, while unfortunate Germany, Italy, Japan and others have none. Let it be made fully clear from the outset, it means nothing of the kind. Maldistribution of commodities *does not mean maldistribution of the territory* which produces those commodities.

The reference is to the apparent shortage of essentials in certain areas where purchasing-power has been curtailed in the midst of bounteous plenty. The inviolability of the sources of supply, as such, cannot be brought into issue.

The whole commodity question is a vicious circle. Starting from an arbitrary point, it will be evident that the greater the external purchasing power of a nation, the more amply supplied will be that nation with raw materials which must be obtained from overseas. The higher the standard of living, i.e., wages and resultant individual expenditure in any given country, the greater, accordingly, the



national purchasing power. A depressed standard of living, and reduced elementary needs on the part of its people, depresses a nation's purchasing power. Over-taxation, too, depresses purchasing power, both of the individual and, by inference, of the nation. A good harvest, coupled with high prices, will increase the purchasing power of those employed on the land. A host of other occurrences may cause a deviation of a nation's purchasing power from the norm—political crises, civil strife, true and psychological reactions to Stock Exchange crashes, big commercial failures and the like.

It is axiomatic that you cannot buy two loaves when you only have the price of one. Accordingly, if a nation, in the process of building up a powerful military force, has to import large quantities of raw materials destined to become war material—such as nickel and cotton—that self-same nation cannot spend the same money for the purchase of coffee, vegetable-fats (needed for the manufacture of margarine and soap), cocoa and other alimentary products. If, at a moment when a nation should be striving and straining every nerve to build up a sound economic position by the creation of a substantial gold-reserve, that nation expends every penny of any credit trade-balances which it may have overseas, on materials from which to fashion munitions, that nation cannot at the same time utilize those credit-balances for the acquisition of gold. Lacking the gold, there can be no satisfactory backing for future credits on a larger scale which would enable

the nation concerned to import commodities of *every* description with greater freedom.

Any nation, by indulging in military expenditure overseas which an orthodox economist would judge to be beyond its means, of necessity upsets the whole course of normal arrivals of foreign cargoes at its ports. Actually, there is a great deal in the present position of some of the nations, notably Germany and Italy, which reminds one of a small child who, having spent his penny on a toy-pistol, is wondering how he can obtain another penny so that he may buy a bun.

But this is only part of the story. The War, the manifestly unenforceable and unworkable financial clauses of the Treaty of Versailles, and the failure of successive international conferences to balance the world's finances, have as much to do with the present choked condition of the commodity markets as anything else. *Ab initio*, the main business of the nations—furtherance of the flow of trade—has been neglected or, at most, merely tinkered with. The greatest culprit ommissively, of course, has been the United States, which has pursued its own way serenely, seemingly indifferent as to whether other nations rise or fall, perish or survive.

For years during and after the War the United States—as a quite natural manifestation—exploited the unsettled condition of the world and piled up the immense profits which are now reflected in the gold reserve already referred to in these pages. By doing this the United States enfeebled Europe, since the

United States, quite willing to sell every solitary item to Europe that Europe lacked, rigidly refused to take goods in return (unless they could mount that frightening tariff wall), and took gold instead.

And, as though this were not enough, there were the inter-governmental debts. Until the American crash of 1931 the United States strangled Europe in the cause of her own prosperity. There was nothing either systematic or wilful in the American attitude ; it was just blind indifference. The former Allies collected from Germany ; Great Britain collected from the Allies ; the proceeds of both collections were handed over to the United States. The total sums paid by the governments of Great Britain, France, Italy and Belgium to the United States by way of cash transfers until 1931, when the process had to cease, amounted to a sum of no less than £510,000,000. Which bears a very substantial relationship to the sum of the American gold reserve.

The process ceased inasmuch as the nations of Europe had to say to the United States, "You refuse to take goods and/or services ; you have almost all the gold. *Schwamm drüber !*" So far as Great Britain is concerned, a gold reserve of £247,000,000 would not go far towards satisfying an American debt claim of £897,534,000, which is the figure at which this claim stood in 1935.

All this financial frenzy has caused the channels of trade to become blocked. And thus we know maldistribution of colonial raw materials.

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The warehouses of the fertile lands of the tropics and sub-tropics are filled from floor to roof with the fruits of the earth ; and but few can enjoy their savour. It is a confusing and paradoxical situation to contemplate vast stocks of almost every conceivable product, steadily increasing annual figures of production, and restricted consumption on account of financial inability on the part of certain of the consuming nations to pay the truly not excessive prices at which these commodities are marketed.

How the vicious circle turns and affects peoples of utterly different race and nationality can be seen in the case of rubber. As things are to-day the price of plantation rubber leaves but a modest margin of profit. Many rubber-growing companies, which were formed when the price was at a much higher *niveau* than it is to-day, have either had to go out of business entirely or cut their capital ruthlessly in order to be able to continue operations. Rubber, produced for the greater part in British and Dutch Malaysian possessions, is the subject of a drastic restriction scheme. Only some 60 per cent. of the world's potential output is marketed each year ; and that at a figure less than a fourth of what it was before the war. Could the demand for rubber but be improved, thousands of workers, Malays, Chinese, Javanese, Tamils could be set to work on rubber-estates. Yet the producers cannot give away their product—which costs money to prepare for marketing ! They can only sell it at a figure, something above cost, which will show a profit.

Thus Malays, Chinese, Javanese and Tamils are unemployed because several of the leading rubber-consuming nations of the world cannot find the means to pay for a "colonial raw material" of which these nations profess themselves to be in dire need.

Observe the following advertisement in a leading London newspaper :—

"Barter at top rates for India, Straits and Siam. Will firm interested in export of German goods please write to Box——, E.C.4 ?"

Germany, in order to secure even a limited supply of rubber and other commodities produced in the three countries mentioned, is obliged to offer goods of her own production in exchange by way of direct barter. And, clearly, in a highly competitive world, these goods must be offered at "marked down" prices, which, in turn, narrowing the margin for wages and profits, depress Germany's external purchasing power still further.

And the plague spreads. If Germany's manufactured products are offered on attractive terms which secure her the orders, other nations—Great Britain, for instance—lose them, to the advantage of the Germans, perhaps, but to the clear disadvantage of the British manufacturer and worker. Thus, lately, while British shipyard workers have been idle, British companies which supply vegetable-fats for margarine, soap *et alia* (together with these products in a manufactured form), have had ships built in German yards

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—ships which they have been obliged to accept as payment for what was owing to them in Germany. These ships, it may be assumed, would have been built in Great Britain, had Germany been able to pay for her vegetable-fats and similar commodities by way of international bills in the customary manner.

Vegetable-fats—copra and palm-kernel products—are typical “colonial raw materials” in the production of which Great Britain has a substantial interest. Germany, needing supplies of vegetable fats—either primary or secondary products—naturally has purchased these from British suppliers; and Germany, having insufficient credits available in London wherewith to pay, has paid by using ships as currency. The shipyards of the Clyde and Tyne are the losers.

It is a sad commentary on international statesmanship that not a man has been found able to clear the lines and thereby enable traffic in essentials such as those mentioned again to flow freely. Remove the causes of economic discontent and you (may) remove the causes of war.

There is corn rotting in Egypt and yet men starve!

Prices have fallen; profits have been reduced to a bare sliver of what they were; output has been adjusted to the visible needs of the world. And still there is an *apparent* surplus of a score of different commodities. *Actual* surplus—were the world's purchasing-power raised to a higher level—there should be none. Who is prepared to say that saturation point in respect of the potential consumption of any one of the world's staple commodities (even assuming

no increase of the population), has been reached? Men still die of malaria for lack of quinine; but the quinine remains in the bark on the quinine-yielding cinchona trees. The planters do not harvest more than they are certain of being able to sell, since harvesting costs money, storage costs money, and a commodity in store may deteriorate. There are men in their thousands walking the streets of every big town who lack the means of obtaining a cup of coffee. Coffee is being used as locomotive fuel in the Sao Paulo State of Brazil!

Primary producers have to put their heads together and form "rings" or "kartels" in order to limit output, arrange "quotas", fix minimum prices in an endeavour to create cosmos from chaos—all the while wishing that they could dispose of every pound, kilogramme, bag, case or chest of their output.

In vain do they labour. More is needed than mere restrictive schemes of a negative nature to remove the obstructions which prevent the stream of international trade from flowing smoothly. Only Governments can take that effective action which is needed.

"Rings" and "kartels" are nothing new. "Restriction of output" in order to maintain prices is nothing new. Pre-war Germany led in such movements; the United States' pre-war trusts made what is commonly known as "headline" news in the days of the Presidency of Theodore Roosevelt. The Brussels Sugar Convention was a pre-war arrangement. The Sao Paulo Coffee Valorisation scheme dates back to before the war. The con-

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vention between cinchona bark producers and quinine manufacturers came into operation before the war; The Ruhr coal syndicate was a pre-war creation. There were others.

But these several arrangements were made to bring order into what were disordered industries, to eliminate casual competition, to stabilize prices and "average" profits at the end of given periods. Moreover, they allotted markets.

The post-war restriction schemes are, however, of an entirely different genre. War-destruction and a temporary post-war shortage of commodities caused prices to bound up—largely due to the activities of speculators—and the world passed through what was known as the boom. During that period everywhere, in every country, primary producers extended their activities, enlarged their areas under cultivation or prospected for minerals with a feverish zest. Prices and temporary demand having reached their zenith, but lacking the support of stability, dropped like stones to their nadir. The boom terminated as suddenly as it had sprung into being. The bottoms dropped out of the markets. Merchants (not to be confused with primary producers) held considerable stocks, which they had bought at high prices in readiness to sell at a profit based on these inflated prices. The primary producers were in worse plight, since merchants soon were selling their goods below cost, at a figure often with which primary producers could not compete. To make matters worse, Governments were throwing surplus war-



stocks on to the markets. In less than no time the entire commercial field was strewn with victims, and traffic in every direction was dislocated almost beyond repair.

While all this was happening Germany was slowly extricating herself from the mire of defeat and crawling thence into the mire of currency inflation. The expected German demand for raw materials of which that country had been deprived for four years was given a smart check from which it has never since fully recovered. Russia, too, instead of making the considerable purchases of raw materials from abroad which that nation had been wont to do in pre-war days was in a state of complete post-revolutionary confusion, barely able to trade externally after any fashion, though slowly finding her feet again with the aid of a small gold deposit on which credits were based which had been lodged at Copenhagen.

The contagion of German currency collapse travelled swiftly to neighbouring countries. A hundred million people were cut off from trading contacts with the outside world because of the absence of a satisfactory medium of exchange. The tragedy of the German people during the inflationary period which followed the War is drama only a trifle less black than that of the War itself. The sale of genuine one-million mark notes in the streets of London by hawkers for a penny or two was a shocking index to the situation.

Producers of primary products could not sell to

nations which had no currency with which to pay ! They were fortunate if they could negotiate sales of any description, even with countries which still had an exchangeable currency, since stocks in the hands of merchants and speculative dealers—so-called “second-hand” stocks—were generally sufficient to supply every demand for months, if not years ahead. The primary producers were caught in the centre of a cyclone, from which there seemed to be no possibility of emergence.

But there was a great calm beyond—across the Atlantic, where post-war activity and prosperity stimulated many who otherwise might have despaired. The American demand for primary commodities such as the Americans could not produce themselves remained healthy.

By degrees the markets passed through a natural cleansing process and the speculative elements were shed. Now that the mad years of post-war speculation and feverishness were gone, primary producers could look about them again and take stock of the situation in a calmer, less vicious, atmosphere. To most of them there was revealed that which we see to-day. And the position has not changed substantially since. Neither, for that matter, has it grown progressively worse. It has remained static. Primary producers have become reconciled to considerably reduced profits and limitation of output. They have made the best of a situation not of their own creation, but one in which they have been obliged to accommodate themselves as best as has proved possible.

Even the American collapse of 1931 was no more than another blow which had to be taken as calmly as possible by markets which had been subjected to half a dozen such in a period of twice as many years. Once again, primary producers accommodated themselves to the prevailing circumstances ; and thus, to-day, we see schemes for the restriction of output in force on every hand, while—ridiculous to relate—half the world is clamouring for their products, which they are only too willing to supply provided they may look for payment.

There is little sympathy for the improvident in a matter-of-fact world. If a nation chooses to dissipate its substance by piling up armaments instead of a gold reserve wherewith to create credits, the world of commerce looks on with feelings of doubt and suspicion. It is far safer to conduct business dealings with a nation such as, for example, Switzerland which, with a population not considerably in excess of four millions, has accumulated a gold reserve of £96,000,000 than with a Germany with a population of sixty-six millions and a gold reserve of no more than £6,000,000.

Indeed, one of the first principles of trade, whether local or international, is to avoid incurring bad debts, lest insolvency may ensue. Primary producers will not supply customers with their requirements unless they can pay their bills. Therein lies the essence of the problem. If a nation is on the verge of bankruptcy for one reason or another, that nation must expect to see its external credit drastically

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curtailed to a point when only its bare requirements can be met. And if at the same time that nation chooses to expend its limited income, not in accumulating gold wherewith to pay off old debts, but in order to buy guns and cartridges in order that in due course it may have a Sunday morning's rough shooting, producers refuse to grant further credits ; and prefer to keep their rubber, their coffee, turpentine, linseed oil, gunny bags or what not in their warehouses, sooner than enter another bad debt in their books.

Reduced to its basic element we can now see just what "maldistribution of raw materials" means. The raw materials are available for all who can pay. Those who cannot pay must not expect charity. They are in the unhappy position of having to do without.

That is the *commercial* view. There is another, that is the view of international commonsense ; and to that we shall address ourselves in a following chapter.

## CHAPTER XII

### THE CASE FOR A PERMANENT INTERNATIONAL RAW MATERIALS COMMITTEE

RECOGNIZING the difficulty in bringing about agreement between nations on matters whereon they have what appear to be almost irreconcilable views, none the less we put forward a plea that a permanent international committee should be brought into being in order, at any rate, that a commencement may be made with adjusting the so-called maldistribution of the world's commodities.

During the War we had a *Commission Internationale de Ravitaillement*. May we now not look to the nations most closely affected to set up a peace-time *Commission Internationale de Ravitaillement*? This Commission for Supplies should consist of permanent salaried representatives of the several nations, men of great commercial experience, and it should have its seat in London, which remains the world's chief produce market. The smaller nations would not be represented directly on such a Committee, which might consist of, firstly, those nations, such as Great

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Britain, which are producers, as well as consumers and distributors, and, secondly, those other nations which are consumers, but non-producers, of which Germany is the leading instance. Accordingly, we might have a Committee of eight, as follows :—

Producing, distributing and consuming nations.	Consuming nations.
British Empire.	Germany.
U.S.A.	Russia.
France.	Italy.
The Netherlands.	Japan.

This Committee, be it repeated, should have its headquarters in London (emphatically not at Geneva), where it would be in close touch with markets, the commodity exchanges, banks and shippers. The members of the Committee would need to have plenipotentiary powers, and as its Chairman the Committee would require a man of considerable strength of character and wide experience in the conduct of international trade and finance. The members of the Committee would have to be men of considerable commercial and/or financial standing in their own countries ; and not mere political nominees.

In order to secure some approach to international understanding in respect of the alleged "inaccessibility of colonial raw materials" it should well be worth the while of the nations concerned to pay their representatives on the Committee ambassadorial salaries and allowances.

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As to procedure, it may be assumed that the initial simple reference to the Committee would be :—

To consider the movement of so-called colonial raw materials, with especial reference to those articles enumerated in an attached schedule, and to draft and administer a scheme whereby the equitable demands of the nations may be met.

The Committee, no doubt, would secure from each of the consuming (non-producing) nations estimates of requirements for a period of years, and on this basis would negotiate for the finance and distribution of purchases. The list of commodities, naturally, would have to be kept within specified limits. It would be so simple to overstep the line between raw materials and manufactured articles ; and between "colonial" (i.e., tropical and sub-tropical) raw materials, and raw materials generally. Packed tea is a "colonial raw material", yet packed tea is, at the same time, a manufactured product ready for marketing as such. Sheet-rubber, too, is a partly manufactured product. None the less, rubber remains a "colonial raw material". Cotton, again, is a "colonial raw material", but one of the world's greatest producers of cotton within her own frontiers is the United States. Cane-sugar is a "colonial raw material" ; but beet-sugar is produced in ever-increasing quantities in almost every country on the globe.

It will be seen, therefore, that the greatest care

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would have to be exercised in schedulizing the commodities in respect of which the Committee, would have powers to act.

The various crop-restriction and sales restriction schemes, to which reference has been made, which have been in operation of recent years are, even their begetters, will admit, no more than artificial and temporary props. They have been mild stimulants during a period when over-production and under-consumption have gone hand in hand. In respect of many of these commodities production has increased as consumption has dwindled.\* The object of producers, as we have endeavoured to show, is to sell the whole of their output at a satisfactory price, yet on every hand, owing to a slackening of world demand, there are everywhere considerable stocks of raw and semi-raw materials. Crops remain unharvested; tapping is limited on rubber-estates; fine plucking is practised in tea-gardens; the world's output of tin is controlled by agreements; the bark is left on the quinine-yielding cinchona-trees; Brazilian coffee is jettisoned into the sea, destroyed by incineration, even made into briquettes and used as fuel for locomotives;†

How can the "inaccessible" raw materials be placed at the disposal of the non-producing nations? Finance, as has been mentioned, is the great stumbling

\* The process has hardly been arrested, yet the quidnuncs would have Italy plant up fertile Abyssinian areas with cotton, coffee and rubber, which, were they successful, would succeed in causing the Italian demand from present suppliers to become further contracted.

† The Government of Brazil and the Coffee Council had incinerated 34,298,022 bags of coffee of 132 lbs. each by January 15, 1935.



block. Therein lies the kernel of the question, since it is unorthodox finance and so-called economic-nationalism (i.e., customs-barriers, quotas and the rest) which have disturbed the free flow of the world's commodities to so great an extent.

Germany, the leading complainant, bankrupted herself by extinguishing her currency and much of her debt ; Germany then instituted a new standard of monetary exchange. This, hedged in by restrictions on every hand, is but a "manipulated" currency which bears no relation to the external trade of the country. Germany is enjoying a moratorium in respect of debts incurred overseas in the past. How then, it may be asked with some reason, can fresh credits be opened for Germany to obtain supplies of colonial and, presumably, other raw materials ; how can she obtain other than what she may be able to pay for in a hand to mouth manner ?

In practice it may indeed prove impossible to find a complete solution until the finances of the various purchasing nations have become normalized and stabilized, i.e., their currencies re-attached to gold, linked to external trade, and allowed to find a level which will permit of free dealings uncontrolled by Governments.

Meanwhile the position should not be allowed to drift. The world's producers of raw materials are anxiously seeking buyers ; the buyers are clamouring for their goods ; and there seems to be no "honest broker" able to arrange a *modus operandi*.

It is Great Britain's task—as the great middleman among the nations—to act as this "honest broker".

and devise a scheme which would facilitate the free flow of raw materials in a full and abundant spate.

The setting-up of a *Commission Internationale de Ravitaillement* at Great Britain's suggestion—however difficult its task—would at least be a commencement. As things are, the problem is being allowed to shift for itself, to drift towards festering or resolution as the case may be.

Neglect may prove painful.

A mild measure of success has attended Italian efforts to produce synthetic wool and German efforts to produce synthetic rubber, in an effort to make themselves independent of outside supplies. Complete success, however unlikely, is not beyond the bounds of possibility. Australian sheepfarmers and Malayan rubber-planters would be severely hit in the event of laboratory experiments suddenly taking a practical turn. It seems unlikely to-day. Possibly the manufacture of wholly satisfactory substitutes for rubber and wool will never prove possible. But we should not forget the losses incurred in the Chilean nitrate industry owing to the fixation of nitrogen; nor should we forget the complete eclipse of the Java indigo-producing industry as a result of the manufacture of a satisfactory synthetic indigo dye. *Ersatz* is a word for which the Germans, with the experience of the War still fairly fresh in their minds, can have little affection, since substitute articles produced in Germany at short notice during a period of stress were pale imitations of the real thing.

But, the mad rush of wartime, when these things had to be improvised, is different from calculated scientific investigation and progress in the more leisurely hours of peace.

Neither Germany, nor any other country, will have need to seek for methods to produce synthetic rubber, wool or what not if those countries can obtain supplies of the almost indispensable original raw materials. They should be helped, so far as possible, to obtain their requirements.

The nations of the world are interdependent and it behoves them to seek a maximum approach towards economic co-operation.

Great Britain, be it repeated, is not the world's most important supplier of the world's raw materials. That honour is shared with several other countries. But Great Britain, by virtue of her position as the world's leading carrier and distributor, has an important stake in the proper distribution of the world's goods.

Let Great Britain, therefore, make a move towards setting up a *Commission Internationale de Ravitaillement* such as suggested. At least we shall have "shown willing"; and we can see what may come of the experiment. Since, with a knowledge of the financial difficulties ahead, experiment it certainly would be.

What of the financial side?

We know that Germany is denuded of gold and that she is unable to borrow or raise credits abroad. To a lesser extent this also applies to Italy. Germany

has almost balanced her external trade figures during the past four years in the neighbourhood of a figure of £350,000,000.\* This figure does not include transit trade. Bearing in mind the contraction of the volume of world-trade and reduced commodity values, the total is not a bad showing compared with the reduced figure of British exports for 1935 of £425,921,000. Germany has managed to pay for her imports of £350,000,000 by exporting goods to the same value.

The question arises, therefore, what *additional* annual credits does Germany need, over and above those created by herself (the £350,000,000 above-mentioned), in the markets of the world ; and how can they be provided in the exceedingly difficult conditions of Germany's finances ?

But there is another question which calls for prior reply, to wit—if the creditor nations concerned (the United States, Great Britain, France and the Netherlands) are to provide fresh credits for Germany, Italy and other nations which lack colonial raw materials, what *quid pro quo* may they expect to receive ? Since political *quid pro quo* there must be. New credits could not be made available for any nation without adequate guarantees that that nation's budget would be strictly controlled and balanced, and honestly drawn up ; and that an all-round reduction of wasteful expenditure on armaments would be agreed to.

Neither the United States, the British, the French nor the Netherlands Treasury would be prepared—

Converted at 12 RM. per £ sterling.

in the present state of the world—to open or arrange credits, the proceeds of which would go towards equipping armies or building battleships or bombers for other nations. Given adequate guarantees under this head, there arises still a further question—what expectation would there be of repayment?

One cannot in peacetime deal with sovereign States of the size and dignity of Germany and Italy as one might with lesser nations, and take a charge on certain revenues, customs, railway revenues, salt monopolies and the like. Still, there have been so many defaults that the lending-nations would not care to put their hands into their pockets again without some degree of security.

The security, of course, is a stable currency linked to gold or sterling. It is impossible to average the gold holdings of the nations, but revaluation of so-called “imprisoned” currencies on a gold or a sterling basis is possible. This would be an unhappy proceeding—a sharp medicine—for those debtor-nations financially lowly-placed in the scale. Yet once the pill were swallowed the debtor-nations could move forward again. With the “imprisoned” currencies linked to sterling, the exchanges would be freed from their shackles; and countries such as Germany could accumulate with their foreign trade balances an adequacy of sterling and other sound currencies, which they could exchange into gold, and once more build up a gold reserve.

Were this done, very few years would need elapse before Germany would again be solvent, able to

meet all her foreign obligations promptly ; and secure the maximum of her requirements of raw materials not produced on her own territory.

There is every reason to believe that all four creditor nations would be prepared to assist in this manner, subject to the provisos mentioned. It is to no-one's interest to see great nations such as Germany reduced to financial straits which prevent them from obtaining a full measure of their legitimate requirements of the world's goods.

Accordingly, subject to safeguards, credits might be arranged—a "pool" loan, so to speak—guaranteed in agreed proportions by the four creditor countries mentioned.

Let us visualize a powerful international corporation such as we suggest, possessed of almost limitless credit, accepting long-term German, Italian and Russian bills—indeed, those of every non-producing nation—(with limits which, commercially, would be gauged by the Corporation's managers) able to make all reasonable purchases of "colonial raw materials" for necessitous countries. It is not suggested that the entire foreign trade of these countries in these particular commodities should pass through this channel, which would only accept that volume of business which would be in excess of normal trade of recent years. Thus, Germany might need additional credits to the extent of £100,000,000 each year, Italy £50,000,000, and so on. It might certainly prove necessary, even desirable, in the long run that *all* business in certain commodities should pass through

the one channel ; and that control bureaux should be set up in the purchasing countries, in a manner similar to those which were brought into being in various countries during the war. Private firms could secure their requirements through the control bureaux in their own countries, instead of buying in the open market.\* This might mean Government import monopolies ; but these have much to commend them.

Let it be assumed that trade could be increased in this way to the extent of £100,000,000 per annum for Germany, the same figure for Russia and a like figure for all the remaining countries concerned, including Italy—a total of £300,000,000 in all. The very activity generated by the opening of credits of this size would quicken prosperity on every hand.

It would not mean, of course, that £300,000,000 of money would be spent by four nations each year for the benefit of the world at large. What it means is that a revolving credit, which would not exceed the amount mentioned, would be created. At moments, like a bank overdraft, the credit might be utilized to its full extent ; at others much smaller sums would be outstanding.

The credit might be created in the following proportions : the United States £120,000,000 ;

\* Germany already has the machinery available for the operation of a scheme such as this. The import of raw materials was put under State control in March, 1934. There are twenty-six "supervision boards" which examine proposed import transactions and issue "exchange certificates" guaranteeing the availability of foreign currency for the particular transaction.

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Great Britain £80,000,000 ; France £80,000,000 ;  
the Netherlands £20,000,000.

\* \* \* \* \*

Can it be done? The question of the availability of credits is not at issue. Great Britain alone has idle or semi-idle money in abundance. There is credit and to spare for the solvent among the nations. But can the insolvent and the semi-solvent be tempted back to the paths of financial rectitude which, presumably, if the text-books and the lessons of national experiences are right, means—sound currency, minimal taxation, wise and not wasteful national expenditure, avoidance of political chicanery in the conduct of national finance, balanced and published budgets and, above all, that political stability which covers all?

To bring a scheme such as this into operation will need courage and faith. It will need a readjustment of what in the view of some nations constitutes honour. It must be assumed, in the first place, that the leopards have really changed their spots and that the unsatisfied nations truly need raw materials for purely peaceful purposes; while conceptions of what constitute national honour will need to be modified. Military parades cannot aid peaceful progress. Bayonets cannot back commercial bills. There has been too great a tendency to purchase grindstones with which to sharpen bayonets, wool for the manufacture of uniforms, copper and nickel for the manufacture of shells,\*

\* Sales of nickel by the International Nickel Company in 1935 amounted to 129,850,207 lbs., an increase of 42 per cent. over 1934!



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rubber for tyres for army-lorries. Neither the United States, Great Britain, France nor the Netherlands would be prepared to help the financing of foreign imports of raw materials destined to be used for any of these purposes. In the light of the obvious they must take precautions. They must have their political *quid pro quo*. Unless this is forthcoming, with effective guarantees that whatever undertakings are entered into will be observed, no scheme such as that suggested in these pages, or any other, is even worth discussion.

### NOTE TO CHAPTER XII

#### GROUPING OF CERTAIN OF THE WORLD'S PRINCIPAL RAW MATERIALS

##### GROUP ONE—TEMPERATE ZONE CROPS.

Wheat, Rye, Maize, Oats, Barley, Rice,\* Sugar-beet, Soya, Fibre-yielding plants.

##### GROUP TWO—TEMPERATE ZONE ANIMAL PRODUCTS.

Meat, Wool, Hides, Fish, Dairy-produce, Whale-oil.

##### GROUP THREE—COLONIAL "RAW" MATERIALS.

Coffee, Tea, Cocoa, Rice,\* Cane-sugar,† Tobacco,‡ Rubber, Copra Palm-kernels, Cotton, § Fibres, Spices.

##### GROUP FOUR—NATURAL DEPOSITS NOT PECULIAR TO EITHER OF THE THREE GROUPS ABOVEMENTIONED.

Gold, Silver, Coal, Iron, Tin, Copper, Lead, Nickel, Manganese, Mineral-oils, Nitrates, Phosphates.

\* Rice is produced both in the sub-tropical and tropical belts.

† Cane-sugar is also produced in sub-tropical areas.

‡ Tobacco is produced largely in sub-tropical areas.

§ Cotton is also produced largely in sub-tropical areas.

## CHAPTER XIII

### A CALL FOR AN ECONOMIC CONFERENCE

ALL in all, an examination of the whole question shows that there is confusion worse than confounded when, on the one hand, a Colonial Secretary states in the House of Commons that there is no present intention of any colonial territory being handed back to Germany ; and on the other Herr Hitler in the memorandum presented to the so-called Locarno powers at a later date on March 7th, 1936, continues to express the expectation that "in the course of a reasonable period the question of colonial equality of rights . . . may be clarified through friendly negotiations".

The plain man may well ask, what on earth does it all mean ?

"You have said 'No'", declared Herr Hitler, in effect, "but, I know you, you quixotic Englishmen ; you don't really mean it. Let's have a friendly talk".

There is no good reason why a solitary rood of territory now governed by or under the protection, by way of mandate or otherwise, of Great Britain or any of the British Dominions should be handed over to Germany or any other power, unless—the *quid pro quo* were so overwhelming in its comparative value that it would be to the ultimate advantage of Great

Britain to permit Germany to have some as yet undefined colonial interest. As *quid pro quo*, total disarmament may be mentioned as about the only bargaining counter which would tempt the author of these chapters to support any proposal for the transfer of British territory in Africa (and certainly not elsewhere) to the Reich. And then only subject to safeguards of the liberties and rights of native populations.

Germany has no other exchange to offer this country. Germany's pre-war policy, which a younger generation seems to be forgetting, cost the British Empire a million lives, the creation of a national debt approaching the stupendous figure of £8,000,000,000, unemployment on an unprecedented scale, the upset of the national economy to an extent that it may not recover for a century, and it showed us that in war the German is ruthless and conscienceless. U-boats, *Lusitania*, torpedoed hospital ships, men left to drown—and even shot at—in mid-ocean, the bombardment of Paris on a Good Friday while crowds were worshipping in the churches, bombing of women and children in London, the surrender of a fleet and then the dishonourable scuttling of the self-same fleet! The catalogue is long and horrifying. But memories are short.

Germany has done little to earn the goodwill of any nation.

Yet, shall she be treated as an Ishmael?

This British nation of pacifists and sentimentalists is always ready to invite another clout. In its supreme indifference to the world beyond, the British

people forget that it is so easy for men of other nationality to say "yes" and mean "no". The simplicity of many English minds is a joy to the foreigner, unless the English minds become, as they are wont, stupidly stony. Which, at the moment, they are not. The British mind of to-day is particularly receptive to every charitable appeal which may be made.

And Herr Hitler is appealing for colonies. Whose colonies? British colonies? Perhaps French colonies? Or, maybe, those of the smaller powers, the Netherlands, Belgium and Portugal? Are we tender-hearted enough to heed the appeal; and, then, whose colonies are we going to transfer to Germany's leader? Is it suggested that we should enable the Germans to pursue their exterminating process against native races such as the Hereros in what was German South-West Africa; or arm the natives in Tanganyika? Would South Africa welcome German air-bases or wireless stations in close proximity to the Union? These questions have been postulated before in the course of these chapters. In this final chapter it is necessary that they should be faced again. Perhaps Belgium or Portugal, small defenceless nations, with but little of that fiery colonial spirit such as that which is distilled in Berlin and Hamburg, should part with their African possessions? Such a suggestion is ridiculous *au fond*, but it is in the true line of modern German thought.

Then, too, Italy is stretching imperialistic wings. Can even the complete possession of Abyssinia satisfy a nation which has developed such a prodigious

colonial appetite at a time when there is precious little colonial territory going begging ?

After all, even if the *minimum* demands of Germany, Italy and Japan for colonial territory are to be satisfied, either—somewhere or other—sovereignty will have to be sacrificed, as in the case of Abyssinia ; or the present colony-owning nations will have to make generous gestures and haul down their flags here and there.

Land hunger is a nervous disease. There is no satisfying the appetite. The mere morsels that a generous-hearted Great Britain might be prepared to fling to these hungry nations could but whet their appetites for bigger and better meals. France, certainly, is not prepared to part with any of her sovereign territory—by right and/or might acquired. He who would suggest that the three smaller among the colonial powers, the Netherlands, Belgium and Portugal, should be thrown to the wolves, to a succession of “*Heils*” from Berlin, or to give the modern Romans a holiday spectacle, would be singularly lacking in honour. The League of Nations is in this respect, at least, an umbrella under which the smaller powers can seek shelter.

Perhaps the bolder spirits in our midst can prevail upon the Governments of Brazil and Australia, where there is still undeveloped territory available by the thousands of square miles, to create, each of them, an *imperium in imperio*, where the non-colony owning Powers may play at the great game of empire to their hearts’ content !

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It is all idle speculation, but once the door were opened and the question tabled, there is no telling what demands might be made of Great Britain in the sacred cause of humanity and peace, which let none decry.

Are we to measure up the millions of British acres overseas with a yardstick of foreign manufacture and, with mathematical precision, parcel out lots in order to placate dissatisfied nations? Herr Hitler's claim for "colonial equality of rights" can be no other than a stepping-stone to Herr Hitler's next claim, which of a surety will be for "colonial equality" in *modo* as well as in *forma*. He will base this claim on Germany's superior population in point of numbers to that of Great Britain, on Germany's position as a trading nation\* and on the several other plausible grounds which have been mentioned in these pages as having been advanced as good alternative pleas.

It would be a matter of mild interest to learn what response Japan would make if the suggestion were made that she should return to Germany the Marshall, Caroline and Marianne Islands which were placed under Japanese mandate, following their cession to the Allied and Associated Powers under the Treaty of Versailles. These islands would have little other than prestige (and possibly some remote strategic) value to Germany, yet they were hers even as was Tanganyika.

On a strictly mathematical basis it might be

\* Germany ranks ahead of France, and immediately after Great Britain and the United States in respect of her total annual foreign trade.

computed that Germany has some claim to colonies. But, as we have endeavoured to indicate in these pages, the world is not run in accordance with the rules of mensuration. The present disposition of colonies has been born of centuries of historical graduation. History is often perverted, but none can change it or its impress on the present-day. Germany, Italy and any other nation which covets that which (a) either it has never possessed, (b) has passed from its possession by default, or (c) it has had to surrender by way of penalty, must adjust its views to the immutability of territorial distribution as it exists to-day.

There can be no talk of the appeasement of nations which are troubled economically by handing-over to them sops in the form of colonial territory. There are other means of stilling these, the fractious, among the nations. They must be helped to regain their economic self-respect and, with Great Britain and the rest of the world, set out to seek the route to prosperity once again.

Academic clauses in the Treaty of Versailles can be changed, expunged if need be. If there are signs of a genuine change of heart on the part of the enemy nations, more especially Germany, there is no Englishman who will not agree to sparing Germans the humiliation of being stigmatized as "war guilty". Whether Frenchmen and Belgians, however, with the memory of their ravaged countries evergreen in their minds will think likewise, remains dubious.

The validity of the Treaty, none the less, cannot be

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brought into question ; nor can its effective clauses in respect of territorial dispositions be modified. Be it repeated, if a start is made by returning territory to any one of the defeated ex-combatant nations, every other defeated ex-combatant's voice will become clamant and the process of reintegration will continue *jusqu'au bout*. Whether frontiers were well-drawn or ill-drawn under the Treaty is not in question. They were drawn, whether in Europe, Africa or Asia, for good or ill, to stand for all time.

The question of territory-distribution is a closed book. It must not be reopened.

\* \* \* \* \*

There remains the economic distress caused by the errors of the financial clauses of the Versailles Treaty and the subsequent intransigence of those nations adversely affected by its provisions. Are these enemy nations—and others—now prepared to co-operate fully with the other nations of the world to restore financial confidence ; and are they willing to accept the hand of friendship, as honest debtors, so that they may become fully rehabilitated as members of the great family of nations ?

It has been said that if political differences between the nations could but be solved, the economic tangle would unravel itself. Much more likely is it that were the economic paths cleared of all the chokeweed which impedes progress, and trade quickened in every direction, political clamour would be quieted. Moneymaking and honest toil take men's minds off



abstract problems which do not touch them closely. Most of the *pur sang* international political problems of this post-war age are abstract. The economic problems are what trouble men's minds and form a web so complex that it is difficult to distinguish the involved strands.

Great Britain, no less than every other nation, wishes to see the volume of her foreign trade once again at its 1913 level. The fall in British exports from £525,253,595 in 1913 to £425,921,343 in 1935, coupled with a population which has increased from 40,980,311\* to some 45,000,000 according to the 1931 census, is not a matter for serene contemplation. Great Britain cannot, with equanimity, sit back and observe a tenth of the labouring population in a state of chronic unemployment, for such is the position to-day.

No international, purely political, adjustments can alter this unhappy state of affairs, but international economic accords—not merely tinkering in the form of timeserving trade-agreements—could and would unchoke the channels of trade.

A handful of nations need the channels cleared so that they may secure raw materials; the increased purchase of raw materials would create enhanced purchasing-power for manufactured goods in Great Britain, the Dominions and the Colonies; the enhanced demand for manufactured goods generated in this way, would give British factories and hands employment; and thus, by the swifter interplay of the exchange between the nations of, firstly, raw

\* 1911 figure, excluding Ireland.

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materials, and, secondly, manufactures, would the general level of foreign trade gradually rise to a point when political carping would be eschewed by all sensible men.

In the opening chapter of this book Cardinal de Richelieu's words "to negotiate and keep on negotiating is absolutely necessary for the welfare of States" are quoted.

However much this may be held to be inapplicable in relation to the demand of certain nations for territory which is not theirs, it is of good worth when viewing the poverty of half the world in the midst of undistributable plenty.

So far as territorial claims are concerned, we should say with Pitt, "Roll up that map; it will not be wanted these ten years", except that we should extend the period by ten times ten.

But the invitation should go forth without delay to the nations, requesting them to send trade deputations to London. Will the nations reject the substance of economic co-operation for the faint shadow of colonial territory?

Statesmen all the world over still have vivid recollections of the wasted effort of the London Economic Conference of 1933, which, held in an atmosphere of theatricalism, was doomed to failure almost ere it was convened. Vagueness of objective was the outstanding characteristic of this particular abortive conference which perished of malnutrition. Prime Ministers and other statesmen were dragged from their duties at home in order to have their ears

assailed with repetitions *ad nauseam* of text-book economics.

Neither leadership nor programme was offered. Each delegate was allowed to stray all over the field of contemporary world economic troubles blindly, lacking direction. The delegates were like a herd of cattle munching the lush grass of instruction by the experts when they felt inclined, attended by their advisers and a retinue of bothersome newspaper men.

In an atmosphere such as that of 1933 no economic conference could ever have been expected to achieve any constructive results. Every vested interest was allowed a voice; secretaries of this association and that became blown-out with a newly-discovered importance as they expounded the views of their members to statesmen of international renown. There was as much activity as in an apiary, except that when the cells were examined no honey was to be found. It was folly born of mismanagement from the very day of opening.

Great Britain, in the four years which have elapsed since—owing to the, happily, resilient properties of the nation—has managed to survive with a minimum of casualties, but we know that those other nations which have been referred to are still passing through critical times. They claim colonial territory, these nations, believing at least in part, that they may thereby relieve their economic aches. *The handing-over of colonial territory* might give occasion for the banging of drums and the playing of fifes, but even were such a generous gesture possible *it would not*

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*necessarily fill Hamburg or Genovese warehouses with raw materials or put gold in the vaults of the German and Italian treasuries.* The debtor nations of the world need not expect splendid benevolence on the part of Great Britain and her fellow creditor-nations, but they can look for fairplay, understanding and the exercise of commonsense. All the nations are travelling along the same road, though the speeds and means of progress vary considerably. Great Britain realizes this ; and would gladly make material contributions in order to accelerate the rate of progress of the weaker and the slower, and help to remove obstacles from their paths.

Surely these nations will accept such an offer of assistance, which, quite evidently, in the light of avowals made in London on the occasion of the League of Nations Council Meeting in March, 1936, the creditor-powers are prepared to make.

It is unfortunate that memories of the 1933 fiasco must colour men's minds. They should dismiss all fears of failure, but the conveners also should be less grandiose.

In order that results and not mere rhetorical effusions may be registered, such a conference should be essentially a business conference. It would need neither trumpeters nor mounted heralds. A handful of bankers and business-men from London, Paris, Berlin, New York, The Hague, Genoa, Moscow and Yokohama, faced with a short and definite agenda and led by a chairman possessed of world-wide commercial experience could produce a feasible and

acceptable scheme, whereby desirable economic adjustments could be made, within a period of weeks.

\* \* \* \* \*

We live in a world of envy and despair. The nations are more inclined to sharpen their swords than fashion their quills. Stinging-nettles grow where men should hoe, the while they spend their days drinking a devil's potion and stoking their hearts with fear, and that misborn offspring of fear, covetousness. "Break them, beat them, drive them all adrift", wrote Thomas Carlyle. Are these the unspoken thoughts of nations but lately emerged from carnage?

Englishmen are not realists. This weakness is their strength. And at the same time the greatness of the nation is also weakness. For the British Empire is big game! And "the little dogs and all, see how they bark!" The Empire is ready to treat, to place a share of what she controls of the world's products at the disposal of those less happily situated. Will these others be satisfied? Or is it the tree, and the land on which it grows that they want, as well as the fruit?

# APPENDIX

GRAPH SHOWING COMPARISON OF POPULATIONS AND AREAS OF  
VARIOUS COUNTRIES

U. S. A.  
22,775,046

U.S.A.  
2,973,776

## AREA IN SQUARE MILES

U.S.A.	2,973,776	Italy ..	119,714
Japan ..	147,593	Spain	196,607
Germany	181,699	Netherlands	12,579
Great Britain	89,041	Belgium	11,775
France	212,659	Portugal	35,490



AREA OF U.S.A. IN COMPARISON  
WITH ALL OTHER COUNTRIES SHOWN

JAPAN

69,251,269

GERMANY

66,030,491

Population of  
Mother Country\_

thus



Area of Mother Country\_ thus



GREAT  
BRITAIN

45,403,000

FRANCE

41,834,923

ITALY

41,176,671

SPAIN

24,583,056

147,593

181,699

212,659

196,607

NETHER-  
LANDS

8,392,102

BELGIUM

8,275,552

PORTUGAL

6,825,883

12,579

11,775

35,490

# GLAMOUR FOR COLONIES

FRANCE

## COLONIAL POSSESSIONS OF THE NATIONS

	Square miles *	Population
France .. .. .	4,617,065	63,849,943
Great Britain* .. .. .	2,865,326	63,343,000
Netherlands .. .. .	790,000	60,954,890
Japan† .. .. .	113,051	28,443,363
U.S.A. .. .. .	711,606	14,233,389
Belgium .. .. .	918,000	9,300,816
Portugal .. .. .	812,606	8,915,705
Italy‡ .. .. .	661,231	2,319,483
Spain .. .. .	128,696	934,686

\* Figures do not include Dominions or India.

† Manchukuo not included.

‡ Abyssinia not included

GREAT  
BRITAIN

NETHER-  
LANDS

BELGIUM

PORTUGAL

ITALY

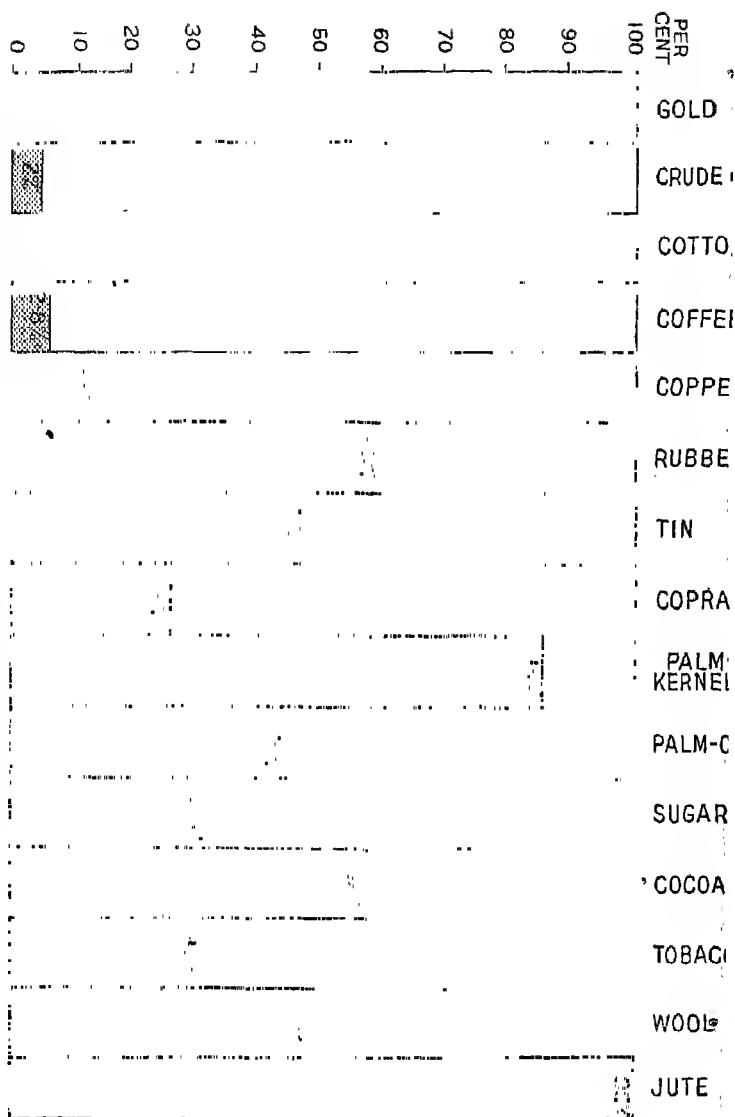
U.S.A.

JAPAN

SPAIN

# APPENDIX

GRAPH ILLUSTRATING BRITISH EMPIRE OUTPUT OF CERTAIN OF THE WORLD'S PRINCIPAL RAW MATERIALS IN RELATION TO WORLD OUTPUT





## CLAMOUR FOR COLONIES

## GOLD IN CENTRAL BANKS AND TREASURIES.\*

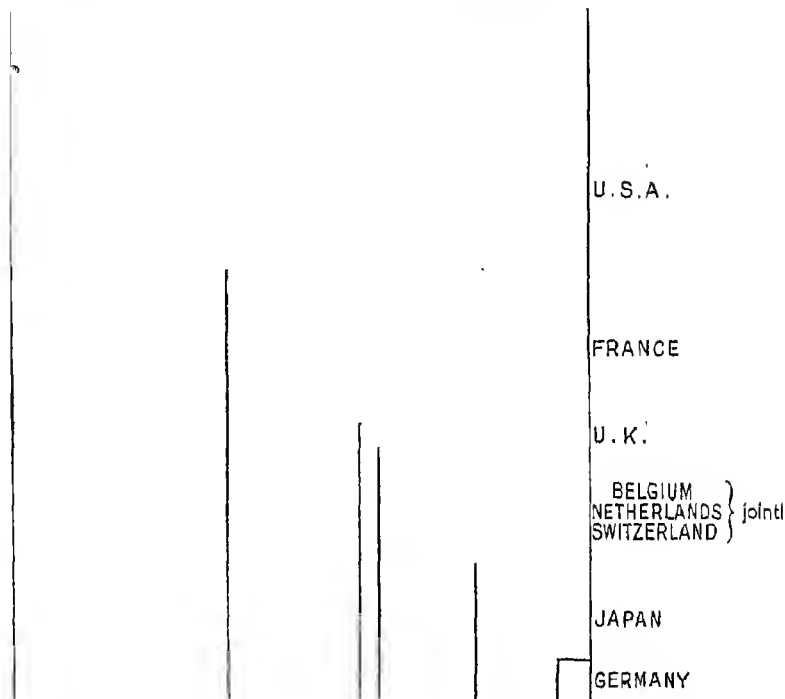
(In millions of fine ounces.)

	At end of:	1929	1930	1931	1932	1933	1934	1935
United States of America	..	188.7	204.4	196.0	193.7	194.1	235.3	292.3
France	..	78.9	101.5	129.8	157.6	145.9	155.7	125.6
		267.6	305.9	325.8	353.3	340.0	391.0	417.9
United Kingdom	..	34.4	34.9	28.5	28.4	45.1	45.4	47.3
Russia	..	7.1	12.0	15.9	17.8	20.1	21.2	24.0
Spain	..	23.9	22.8	21.0	21.1	21.1	21.2	21.0
Belgium	..	7.9	9.2	17.1	17.5	18.4	16.8	16.7
Switzerland	..	5.6	6.7	21.9	23.1	18.7	17.8	13.0
Netherlands	..	8.7	8.3	17.3	20.1	17.9	16.4	12.5
Japan	..	26.2	19.9	11.3	10.3	10.3	11.2	12.1
Argentina	..	19.6	19.9	12.2	12.0	11.5	11.5	11.5
Italy	..	13.2	13.5	14.3	14.9	18.0	14.8	8.0
India	..	6.2	6.2	7.8	7.8	7.8	7.8	7.8
Other Countries	..	82.9	75.4	57.8	54.3	53.0	52.3	55.9

\* By courtesy of the Union Corporation, Ltd.

## APPENDIX

### GOLD RESERVES OF THE NATIONS COMPARED



N.B.—The gold reserves of the nations are variable, even as is the price of the metal itself, but for the present purpose the reserves on December 31, 1935, suffice, and are an accurate index to the position. Actually on September 30, 1936, following the devaluation of the French franc, the price of gold in London was 140s. 2d. per fine oz.

# GLAMOUR FOR COLONIES

TABLE I  
WORLD'S PRODUCTION OF GOLD\*  
(In thousands of fine ounces).

	1935
Union of South Africa .. .. .	10,774
Canada .. .. .	3,280
Australia .. .. .	917
Southern Rhodesia .. .. .	726
Gold Coast .. .. .	359
India .. .. .	325
New Guinea .. .. .	287
New Zealand .. .. .	160
Tanganyika .. .. .	50
Nigeria .. .. .	39
Other Countries .. .. .	216
British Empire .. .. .	17,133
U.S.S.R. .. .. .	5,650
U.S.A. .. .. .	8,115
Mexico .. .. .	750
Japan .. .. .	564
Korea .. .. .	485
Philippine Islands .. .. .	431
Congo .. .. .	375
Colombia .. .. .	329
Sweden .. .. .	275
Chile .. .. .	264
Brazil .. .. .	140
French West Africa .. .. .	188
Roumania .. .. .	110
Other Countries .. .. .	1,241
World Total .. .. .	31,000
BRITISH PERCENTAGE OF TOTAL .. .. .	55.3
S. AFRICAN .. .. .	34.8

TABLE II  
WORLD PRODUCTION OF CRUDE OIL†  
(In 1,000 metric tons).

	1935	%
U.S.A. .. .. .	185,487	59.9
Russia .. .. .	24,005	10.6
Venezuela .. .. .	22,211	9.8
Roumania .. .. .	8,359	3.7
Iran (Persia) .. .. .	7,480	3.3
Netherlands East Indies .. .. .	6,000	2.7
Mexico .. .. .	5,956	2.7
Iraq .. .. .	3,550	1.6
Colombia .. .. .	2,643	1.2
Peru .. .. .	2,429	1.1
Argentina .. .. .	2,129	0.9
Trinidad .. .. .	1,672	0.7
British India .. .. .	1,406	0.6
Sarawak and Brunei .. .. .	671	0.3
Poland .. .. .	515	0.2
Germany .. .. .	425	0.2
Japan and Taiwan .. .. .	257	0.1
Ecuador .. .. .	243	0.1
Canada .. .. .	187	
Egypt .. .. .	180	0.3
Bahrain Islands .. .. .	171	
Other Countries .. .. .	143	
Totals .. .. .	226,119	100.0

PROPORTION OF THE BRITISH EMPIRE IN RELATION TO WORLD PRODUCTION, 1.7%.

\* Compiled by the Union Corporation, Ltd.

† Statistics compiled by The Petroleum Press Bureau, London

# APPENDIX

## TABLE III WORLD'S COTTON CROPS\* 1934/5 SEASON

								Bales†
U.S.A.	..	..	..	..	..	..	..	9,636,000
Egypt	..	..	..	..	..	..	..	1,457,297
China	..	..	..	..	..	..	..	2,933,353
S. America	..	..	..	..	..	..	..	2,296,725
Russia	..	..	..	..	..	..	..	2,540,000
India	..	..	..	..	..	..	..	3,845,600
British Empire, other than India	..	..	..	..	..	..	..	537,470
								<hr/> 23,246,445

† U.S.A. figure for the calendar year 1934 and not for the 1934/5 season.

PROPORTION OF BRITISH EMPIRE, INCLUDING INDIA, IN RELATION  
TO TOTAL PRODUCTION, 19%.

## TABLE IV WORLD'S PRODUCTION OF COPPER‡ (In metric tons—2,204.6 lb.).

Country.								1935.
United States	..	..	..	..	..	..	..	344,827
Mexico	..	..	..	..	..	..	..	41,622
Canada	..	..	..	..	..	..	..	188,901
Cuba	..	..	..	..	..	..	..	5,715
Total American, ex U.S.A.	..	..	..	..	..	..	..	<hr/> 236,238
Bolivia	..	..	..	..	..	..	..	2,449
Chile	..	..	..	..	..	..	..	267,336
Peru	..	..	..	..	..	..	..	29,575
Venezuela	..	..	..	..	..	..	..	.....
Total South American	..	..	..	..	..	..	..	<hr/> 299,360
Austria	..	..	..	..	..	..	..	500
Finland	..	..	..	..	..	..	..	11,209
France	..	..	..	..	..	..	..	1,000
Germany	..	..	..	..	..	..	..	25,000
Jugoslavia	..	..	..	..	..	..	..	38,727
Norway	..	..	..	..	..	..	..	19,070
Russia	..	..	..	..	..	..	..	63,000
Spain and Portugal	..	..	..	..	..	..	..	31,623
Sweden	..	..	..	..	..	..	..	6,100
Total Europe	..	..	..	..	..	..	..	<hr/> 196,229
Japan	..	..	..	..	..	..	..	86,000
India	..	..	..	..	..	..	..	7,011
Other Asia	..	..	..	..	..	..	..	<hr/> 4,536
Total Asia	..	..	..	..	..	..	..	<hr/> 77,547
Belgian Congo	..	..	..	..	..	..	..	108,000
Rhodesia	..	..	..	..	..	..	..	148,163
Other Africa	..	..	..	..	..	..	..	<hr/> 12,356
Total Africa	..	..	..	..	..	..	..	<hr/> 268,519
Australasia	..	..	..	..	..	..	..	17,237
Other Countries	..	..	..	..	..	..	..	<hr/> 14,400
Totals ex U.S.A.	..	..	..	..	..	..	..	<hr/> 1,109,530
Grand Totals	..	..	..	..	..	..	..	<hr/> 1,454,357

OUTPUT OF THE BRITISH EMPIRE IN RELATION TO THE WORLD'S  
TOTAL OUTPUT, 14%.

\* Based on statistics furnished by the Liverpool Cotton Association and reduced to bales, each of 500 lbs.

‡ Compiled by the American Bureau of Metal Statistics, New York, reproduced by courtesy of the Copper Development Association.

# CLAMOUR FOR COLONIALS

TABLE V  
WORLD'S PRODUCTION OF RUBBER\*  
1935

(In long tons of 2,240 lb.).						
Malaya	..	..	..	..	..	417,005
Netherlands E. Indies	..	..	..	..	..	282,658
Ceylon	..	..	..	..	..	54,316
India	..	..	..	..	..	9,054
Burma	..	..	..	..	..	4,914
N. Borneo	..	..	..	..	..	6,885
Sarawak	..	..	..	..	..	19,465
Siam	..	..	..	..	..	28,327
French Indo-China	..	..	..	..	..	26,877
Philippines	..	..	..	..	..	1,537
Africa	..	..	..	..	..	5,031
S. America	..	..	..	..	..	12,853
						<u>872,722</u>

PROPORTION OF BRITISH EMPIRE PRODUCTION IN RELATION TO  
TOTAL, 60%.

TABLE VI  
MINE PRODUCTION OF TIN†  
1934

	Tons.
United Kingdom	1,999
Federated Malay States	38,365
Confederated Malay States	1,348
Burma	4,061
Siam	10,157
French Indo-China	1,134
Netherlands East Indies	19,433
China	6,000
Japan	1,821
Bolivia	22,638
Nigeria	5,000
Union of South Africa	570
Belgian Congo	4,356
Australia	2,986
Other Countries	1,619
<u>121,707</u>	

OUTPUT OF THE BRITISH EMPIRE IN RELATION TO THE WORLD'S  
TOTAL OUTPUT, 47%.

TABLE VII  
GOPRA SHIPMENTS 1935‡  
(Tons).

Philippine Islands	..	..	..	..	..	..	252,683
Java	..	..	..	..	..	..	3,708
Macassar	..	..	..	..	..	..	185,433
Other Netherlands East Indies ports	..	..	..	..	..	..	191,554
Straits Settlements	..	..	..	..	..	..	180,761
Ceylon	..	..	..	..	..	..	48,616
Total	..	..	..	..	..	..	<u>862,955</u>

PROPORTION OF BRITISH EMPIRE IN RELATION TO TOTAL SHIP-  
MENTS, 26%.

\* Statistics compiled by the International Rubber Regulation Committee. The figures quoted are shipments from the countries of origin.

† Statistics compiled at the Imperial Institute, published by the Tin Producers' Association.

‡ These figures do not take into account shipments of coconut oil, mainly from the Philippines, whence 161,397 tons were shipped in 1935.

# APPENDIX

## TABLE VIII SHIPMENTS OF PALM-KERNELS 1935\* (Tons).

Nigeria	..	..	..	..	..	..	..	312,741
Gold Coast	..	..	..	..	..	..	..	6,225
Belgian Congo	..	..	..	..	..	..	..	61,000
								379,966

PROPORTION OF BRITISH EMPIRE IN RELATION TO TOTAL SHIPMENTS, 84%.

## TABLE IX SHIPMENTS OF PALM OIL 1935† (Tons).

Sumatra	..	..	..	..	..	..	..	143,200
Malaya	..	..	..	..	..	..	..	24,746
Nigeria	..	..	..	..	..	..	..	142,641
Belgian Congo	..	..	..	..	..	..	..	56,000
Dahomey	..	..	..	..	..	..	..	21,584
Cameroons	..	..	..	..	..	..	..	7,828
Ivory Coast	..	..	..	..	..	..	..	2,248
Sierra Leone	..	..	..	..	..	..	..	2,892
Gold Coast	..	..	..	..	..	..	..	388
								401,527

PROPORTION OF BRITISH EMPIRE IN RELATION TO TOTAL SHIPMENTS, 43%.

## TABLE X WORLD'S SUGAR OUTPUT‡ 1935/6 SEASON (Tons).

U.S.A. Cane Sugar	..	..	..	..	..	..	..	2,095,007
„ Beet Sugar	..	..	..	..	..	..	..	1,052,207
Cuba, Cane	..	..	..	..	..	..	..	2,588,395
British West Indies, Cane	..	..	..	..	..	..	..	402,780
Demerara, Cane	..	..	..	..	..	..	..	175,000
Other Countries, North, Central and South America, Cane	..	..	..	..	..	..	..	2,577,152
British India, Cane	..	..	..	..	..	..	..	6,102,000
Java, Cane	..	..	..	..	..	..	..	560,132
Formosa and Japan, Cane	..	..	..	..	..	..	..	1,091,007
Philippine Islands, Cane	..	..	..	..	..	..	..	950,000
Australia, Cane	..	..	..	..	..	..	..	662,400
Fiji Islands, Cane	..	..	..	..	..	..	..	131,240
Egypt, Cane	..	..	..	..	..	..	..	131,669
Mauritius, Cane	..	..	..	..	..	..	..	280,700
Réunion, Cane	..	..	..	..	..	..	..	90,896
Natal, Cane	..	..	..	..	..	..	..	372,605
Mozambique, Cane	..	..	..	..	..	..	..	71,500
Spain, Cane	..	..	..	..	..	..	..	18,900
Great Britain and Ireland, Beet	..	..	..	..	..	..	..	546,492
Other European Countries, Beet	..	..	..	..	..	..	..	7,595,149
Canada, Beet	..	..	..	..	..	..	..	53,487
								27,548,718

OUTPUT OF THE BRITISH EMPIRE IN RELATION TO THE WORLD'S TOTAL, 31%.

\* H. M. F. Faure & Co.'s 'Review of The Oil and Fat Markets, 1935.'

† H. M. F. Faure & Co.'s 'Review of The Oil and Fat Markets, 1935.'

‡ Based on Willett & Gray's Statistics.

# GLAMOUR FOR COLONIES

TABLE XI  
WORLD'S PRODUCTION OF COCOA 1934  
(Tons).

Gold Coast	..	..	..	..	..	..	..	224,500
Nigeria	..	..	..	..	..	..	..	69,400
San Thomé	..	..	..	..	..	..	..	9,300
Ivory Coast	..	..	..	..	..	..	..	34,400
Brazil	..	..	..	..	..	..	..	87,000
Ecuador	..	..	..	..	..	..	..	14,400
Trinidad	..	..	..	..	..	..	..	13,400
Venezuela	..	..	..	..	..	..	..	13,000
Dominican Republic	..	..	..	..	..	..	..	22,700
Grenada	..	..	..	..	..	..	..	5,000
Ceylon	..	..	..	..	..	..	..	4,100
Java	..	..	..	..	..	..	..	1,500
Cameroons	..	..	..	..	..	..	..	22,000
Togoland	..	..	..	..	..	..	..	6,100
Other Countries	..	..	..	..	..	..	..	34,000
Total	..	..	..	..	..	..	..	560,800

OUTPUT OF THE BRITISH EMPIRE IN RELATION TO THE WORLD'S TOTAL, 57%.

TABLE XII  
WORLD'S WOOL PRODUCTION 1934/5  
(In million lb.).

Australia and New Zealand	..	..	..	..	..	..	1,285
Argentina	..	..	..	..	..	..	385
Uruguay	..	..	..	..	..	..	95
U.S.A.	..	..	..	..	..	..	459
Union of South Africa and other British Empire Territories in Africa	..	..	..	..	..	..	287
Great Britain and Ireland	..	..	..	..	..	..	120
All other Countries	..	..	..	..	..	..	1,077
Total	..	..	..	..	..	..	3,708

PROPORTION OF THE BRITISH EMPIRE IN RELATION TO THE TOTAL WORLD'S OUTPUT, 49%.

TABLE XIII  
WORLD'S PRODUCTION OF JUTE\*

India 1935/1936 crop 6,396,700 bales.

PROPORTION OF BRITISH EMPIRE IN RELATION TO TOTAL PRODUCTION, 100%.

\* Official Government of India statistics.

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